

REPORT OF THE DEFENSE SCIENCE BOARD

TASK FORCE ON
Contractor Logistics in Support of
Contingency Operations

JUNE 2014



Office of the Under Secretary of Defense
for Acquisition, Technology, and Logistics
Washington, D.C. 20301-3140

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE JUN 2014		2. REPORT TYPE		3. DATES COVERED 00-00-2014 to 00-00-2014	
4. TITLE AND SUBTITLE Task Force On Contractor Logistics in Support of Contingency Operations				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Office of the Under Secretary of Defense,for Acquisition, Technology, and Logistics,Washington,DC,20301				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 71	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

This report is a product of the Defense Science Board (DSB).

The DSB is a Federal Advisory Committee established to provide independent advice to the Secretary of Defense. Statements, opinions, conclusions, and recommendations in this report do not necessarily represent the official position of the Department of Defense (DoD). The Defense Science Board Task Force on Contractor Logistics in Support of Contingency Operations completed its information-gathering in May 2013. The report was cleared for open publication by the DoD Office of Security Review on April 9, 2014.

This report is unclassified and cleared for public release.



OFFICE OF THE SECRETARY OF DEFENSE
3140 DEFENSE PENTAGON
WASHINGTON, DC 20301-3140

**DEFENSE SCIENCE
BOARD**

June 17, 2014

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION, TECHNOLOGY & LOGISTICS)

SUBJECT: Report of the Defense Science Board (DSB) Task Force on Contractor Logistics Support of Contingency Operations

I am pleased to forward the final report of the DSB study on Contractor Logistics Support of Contingency Operations, chaired by Dr. Ronald Kerber. This Task Force encourages the DOD at all levels to recognize operational contract support (OCS) as a key element of our current and future deployed forces. Recent history has demonstrated that without foresight and planning for use of OCS, the potential for unintended and undesired consequences for our deployed forces is certain.

The Task Force concluded there is a lack of clarity as to who is in charge of policy, doctrine, resourcing, training, planning, and execution for OCS. This is persistent and pervasive across the Office of the Secretary of Defense, the Military Departments, and the Combatant Commands. It is imperative that the Department establish effective policies, doctrine, and processes for operational contract support. Without effective leadership and guidance, a persistent lack of urgency has emerged in training for, planning for, and execution of OCS. The task force recommended eight areas that require immediate action to ensure proper attention is given to the pervasive role that operational contract support is expected to play in future contingency operations.

I concur with the Task Force's conclusions and recommend you forward the report to the Secretary of Defense.

A handwritten signature in black ink, appearing to read "Craig Fields", is positioned above the printed name.

Craig Fields
Chairman, DSB



OFFICE OF THE SECRETARY OF DEFENSE
3140 DEFENSE PENTAGON
WASHINGTON, DC 20301-3140

**DEFENSE SCIENCE
BOARD**

May 12, 2014

MEMORANDUM TO THE CHAIRMAN, DEFENSE SCIENCE BOARD

SUBJECT: Final Report of the Defense Science Board Task Force on Contractor Logistics Support of Contingency Operations

The final report of the Defense Science Board Task Force on Contractor Logistics Support of Contingency Operations is attached. The Task Force conducted an independent assessment of operational contract support (OCS) utilized by the Department of Defense (DOD). This study was initiated in response to Congressional legislation. The study team was selected by the Defense Science Board to reflect strong experience in acquisition of services and logistics management, and was carefully screened to avoid any real or perceived conflict of interest with existing defense logistics contractors.

Contractors support combat operations as well as humanitarian assistance and disaster relief, both within the U.S. and abroad. Mission support can be short term, for days or months, or sustained over years. The Task Force found the use of contractors in support of deployed military operations began before the nation was formed in the Revolutionary War era and continues today.

The trend is clear that use of contractors to support military missions on the battlefield has risen over the past 200 years. The extent that contracted support was used in recent conflicts is remarkable. For the majority of the duration of each contingency conflict, the number of contractor personnel was equal to or larger than the deployed military personnel. At one point there were over 160,000 contingency contractor personnel in Iraq.

The Task Force's findings and recommendations are based on presentations and discussions with senior military and civilian leadership across key organizations associated with operational contract support. These included Department of Defense representatives from the Office of the Secretary of Defense, the Joint Chiefs of Staff, Combatant Commands, and Defense Agencies.

The Task Force identified six key findings in their assessment.

- Strategic leadership across the Department does not yet recognize OCS as a critical component of combat readiness.
- Contractor support is critical to military performance during all types of military and humanitarian contingency operations, and has been since the Revolutionary War.
- Planning for deployed contractor support is essential.
- Risk management assessment needs to be part of planning and readiness.
- Execution and management of contingency contracts is crucial, often complex, and costly in both wartime and peacetime missions.
- The capability to audit contingency contracts in a timely manner is essential—and is far more important than the existing emphasis in the Department.

The Task Force identified eight recommended actions to address these findings and ensure that operational contract support is recognized as a critical component of combat readiness. The intent of this task force is to set the stage for future use of contracted support in contingency operations rather than to "fight the last war." The Task Force feels that action is urgently needed to address its recommendations given the scope and critical nature of operational contract support to the achievement of DOD missions.

We would like to express our sincerest appreciation to the Task Force members and government advisors whose technical and operations insights, hard work, dedication, and passion for helping the Department resulted in the Task Force report. We would also like to thank the briefers who presented their views on the issues the Task Force addressed. We hope that our sponsor finds the information contained in this report useful and that the specific recommendations we have made are actionable.

A handwritten signature in black ink, reading "Ronald L. Kerber". The signature is fluid and cursive, with the first name "Ronald" being more prominent and the last name "Kerber" following in a similar style.

Ronald Kerber
Chairman

TABLE OF CONTENTS

Table of Contents

Executive Summary.....	1
1. Introduction.....	9
History of Operational Contract Support.....	10
Previous Studies on this Topic	13
Roles and Responsibilities for OCS in the Department.....	14
Initiative Efforts for OCS.....	17
2. Leadership for Operational Contract Support is Essential.....	18
Setting Requirements	18
Reducing Risk Exposure	19
Changing the Culture	19
Recommendations	21
3. Use of Operational Contract Support Needs Clarity	23
Capability for Rapid Deployment, Augmentation, and Downsizing.....	23
Functions Inappropriate for Contractor Performance.....	24
Measurable and Compelling Cost Advantages	25
Recommendations	28
4. Operational Contract Support Must be Integrated into Planning and Readiness	30
Risk and Risk Management	30
Planning and Exercising.....	34
Readiness	35
Implementing Policy and Doctrine.....	36
Recommendations	36
5. Contracted Support of Deployed Operations Must be Managed Effectively and Efficiently	39
Enabling Integration, Synchronization, and Deconfliction.....	39
Roles and Missions of Today's Expeditionary Contracting Command.....	42
Recommendations	43
6. Auditing of Contingency Contracts is Critical.....	46
Approaches	46
Recommendations	46
APPENDIX A: Operational Phases	48
APPENDIX B: Previous Studies Relevant to Operational Contract Support	50
APPENDIX C: Processes and Procedures for OCS	52
Acronyms and Abbreviations.....	56
Terms of Reference	58
Study Membership.....	60
Briefings to the Task Force	61

TABLE OF CONTENTS

Tables in the Report

Table 1	Cost Comparison of LOGCAP III Support and Organic Army Support, in 2005 dollars	27
Table 2	Scope of Support Provided in Iraq through December 2011	54

Figures in the Report

Figure 1	Use of contract support of deployed military operations since the American Revolution ...	10
Figure 2	The broad scope of deployed contractors in contingency operations.....	11
Figure 3	A history of the Logistics Civil Augmentation Program (LOGCAP) program	12
Figure 4	Recommended evolution of theater contracting support via a Rapid Deployment Contracting Capability (RDCC)	43
Figure 5	Contractor Personnel Functions in Iraq from 2008 to 2012	55

EXECUTIVE SUMMARY

Executive Summary

In March 2012, the Under Secretary of Defense for Acquisition, Technology, and Logistics directed the Defense Science Board to study contractor logistics in support of contingency operations. The study was requested in the National Defense Authorization Act for Fiscal Year 2011, Section 848, "Contractor Logistics Support of Contingency Operations."

Early in its work, the task force found that contractor logistics support (CLS) is defined in current doctrine as support to contractor-provided weapons systems in deployed military operations, usually provided by the manufacturer of the system. This is contrasted with the broader operational contract support (OCS), defined as the ability to orchestrate and synchronize the provision of integrated contract support and management of contractor personnel providing support to the Joint Force within a designated operational area. Based on clarifying discussions with the Congressional staff requesting the study, the task force focused its study on this broader scope of OCS. This broader definition encompasses contracts executed and managed in theater, but may be written and awarded in theater or in the United States, and applies to personnel supporting these contracts who may be U.S. citizens, local nationals, or third country nationals.

The task force's findings and recommendations are based on presentations by and discussions with senior military and civilian leadership across key organizations associated with operational contract support. These included Department of Defense representatives from the Office of the Secretary of Defense, the Joint Chiefs of Staff, Combatant Commands, and Defense agencies. Past and current large operational support contractors also provided inputs. The task force also heard from panels of experts with relevant experience in recent conflicts on the topics of operational command, contract management and contracting officers, training and education, and combating trafficking in persons.

The intent of the task force was to set the stage for future use of contracted support in contingency operations rather than to "fight the last war." To do this, the task force analyzed data from several recent contingency operations, both military and humanitarian efforts, to illustrate and understand the role of contracted support of military operations. While the length and scope of recent actions in Iraq and Afghanistan may not be repeated, many valuable lessons can be learned from these experiences that might apply to future military conflicts and humanitarian efforts.

Major Findings

The task force offers the following major findings on operational contract support in defense contingency operations.

First, strategic leadership across the Department does not yet recognize OCS as a critical component of combat readiness. In spite of years of discussion of controversial contract management issues, Congressional interest, numerous studies, and bureaucratic actions, the task force found that this deficiency persists. The lack of planning for OCS seriously compromises the nation's ability to accomplish desired missions in recent contingency operations. In many cases, success was only achieved because funding was essentially unconstrained. This will not likely be the case in future operations. Moreover, the widespread use of OCS without effective leadership has contributed to a level of fraud, waste, and abuse seemingly without long-term consequences.

The task force recognizes the initiatives completed by DoD by the end of its fact finding work in May 2013 and has knowledge of subsequent initiatives underway. These important steps have included OCS in strategic guidance and joint doctrine, have finalized a joint concept for OCS, and have published

EXECUTIVE SUMMARY

or updated OCS-related directives, instructions, policy letters, and guidance. Also encouraging are the past and ongoing work of the OCS Functional Capabilities Integration Board, including its action plan to address high priority gaps, and tangible products like the Synchronized Pre-deployment and Operational Tracker Enterprise System (SPOT-ES) and the Total Operational Picture Support System (TOPSS). The task force commends DoD for these efforts but offers a caution not to confuse activity with results. The task force strongly believes that the recommendations contained in this report, and the good work already done by DoD, will only succeed if top down leadership, starting with Secretary and including the Combatant Commands, the Chairman of the Joint Chiefs of Staff, the Military Service secretaries, and the Military Service chiefs, embrace the critical mission importance of OCS and take accountability for implementation of the recommendations presented in this report.

Second, contractor support is critical to military performance during all types of military and humanitarian contingency operations, and has been since the Revolutionary War. Today, such support is important to nearly all deployed missions, large and small. The forces driving the critical reliance on OCS are converging: the overall size of the force today is decreasing, deployment rotation periods have increased, and force numbers are routinely capped for specific missions. At the same time, modern warfare will increasingly require the use of new and complex equipment to surge and shrink the force at a high operating tempo, and to respond rapidly. Effective use of OCS can offload unskilled tasks that are not attractive to an all-volunteer force, and it also facilitates rapid deployment of highly specialized skills and experience. Deployed contractor support is a key component of both military operations, where the Department is the lead agency, and in humanitarian assistance and disaster relief, where it may be a supporting agency. Fulfilling future missions will require the efficient and effective use of all components of the total force—military personnel, government civilians, guard and reserve forces, as well as many types of contractor personnel.

The task force found that contracted support is appropriate for all military activities other than those that should remain with governmental personnel. Inappropriate functions for contracted support of deployed military operations should remain so: actions that determine or decide national and mission policy and objectives, actions that determine or decide the value to the nation and the dollar amount to be obligated, and combat. Effective management of contractor support in all other areas can result in significant cost savings to the government by reducing required organic capacity and capabilities.

The task force concluded that well-managed contracted support is, and will continue to be, a necessary tool for future contingency operations. Realizing all the benefits from contracted support of deployed military forces hinges on acceptance and integration of such support as a key component of the total force. This culture change in the Department of Defense has just begun, but will need **vastly improved leadership** at all levels to be fully implemented—before the next unpredictable event that will mobilize the U.S. military.

Third, planning for deployed contractor support is essential. This is especially true in situations with rapid deployment, low-permissive access, and high risks. While the Department is currently focused primarily on short-term contingency operations, the task force considered the history of military actions since the Revolutionary War and concluded that it is likely that the United States will engage in a variety of stability, security, transition, and reconstruction missions in the future. Further, when this occurs, the nation will expect the Department of Defense to support them. This is true even though such missions may not be part of existing Department operational plans. Recent history has demonstrated that without planning, the potential for unintended and undesired consequences in such situations is certain.

Fourth, risk management assessment needs to be part of planning and readiness. Risk management and mitigation are critical for overall mission success. However, maintaining readiness to

EXECUTIVE SUMMARY

plan for, deploy, manage, and redeploy contracted support of deployed military forces is rarely considered in Defense mission preparation or performance. The functions of the latter phases of military operations—stabilization and enabling civil authority—have relied heavily on contracted support for deployed military operations. This dependency, combined with the lack of planning, leaves the Department open to a number of risks and unintended consequences that arise when contracted support is not proactively managed, synchronized, and integrated. These consequences can damage U.S. interests and impact mission success.

Fifth, execution and management of contingency contracts is crucial and often complex and costly in both wartime and peacetime missions. The management of contingency contracts over the past decade has been fragmented, inconsistent, and, at times, ineffective. It has also led to enormous inefficiencies and waste. Numerous examples of systemic issues were reported to the task force, such as the lack of training and resources for contract management in the field and the lack of coordination and identification of in-theater contractors. These shortfalls have led to a great number of inefficiencies, but have also provided ample opportunities for waste, fraud, and abuse that severely affected the morale of the civilian and military workforce. It has also negatively affected public perception of the financial stewardship of the U.S. government and has the potential to give advantages to the adversary. This danger is compounded by the need to coordinate with other government agencies, coalition partners, and non-governmental organizations.

OCS is often conducted in a very up-tempo, *ad hoc* environment, especially in the early phases of a mission. This environment may at times involve the use of cash or other rapid local contracting procedures that provide ample opportunities for fraudulent behavior. It is very important that when contracting officers and their representatives receive training for deployment as contract managers, that they receive training on ethics and the values expected of contracting officers and the consequences of their actions. An individual may decide to risk jail, but should also consider that their actions could significantly undermine U.S. mission objectives, such as support of human rights, moral justice, and humanitarian relief. Military service personnel acting in a corrupt manner undermine the U.S. mission in the eyes of the receiving country, and devalue the contribution of our military personnel who give their all in service to their country.

Sixth, the capability to audit contingency contracts in a timely manner is essential—and is far more important than the existing emphasis in the Department. The Department currently audits contracts four to six years after contract activities are completed. This negatively impacts the Department's ability not only to protect immediate financial interests, but limits the ability to learn, improve, and conduct operations using contracts to support deployed military operations. Years of delay also hamper the ability of companies to participate in the process knowing they may not receive some payments for years.

Summary of Recommendations

It is imperative that the Department establish effective policies, doctrine, and processes for operational contract support. Perhaps most importantly, the Department must clarify internal roles and responsibilities needed to guide their implementation. While the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) has initiated efforts to inculcate OCS with a coalition of the willing, the broad culture change required has not taken place. **Without effective leadership and guidance, a persistent lack of urgency has emerged in training for, planning for, and execution of OCS.**

Because of the pervasive role that operational contract support is expected to play in future contingency operations, the task force recommendations in this report begin with the Secretary of

EXECUTIVE SUMMARY

Defense. To ensure effective implementation, several organizations across the Department must also take on leadership roles and a commitment to action within a comprehensive plan. **There is a lack of clarity and sense of urgency as to who is in charge of policy, doctrine, resourcing, training, planning, and execution for OCS. This is persistent and pervasive in the Office of the Secretary of Defense, the Military Departments, and the Combatant Commands.**

As noted in the following eight areas, leadership actions are needed by the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Military Departments, the Under Secretary of Defense for Acquisition, Technology and Logistics, the Under Secretary of Defense for Policy, and the Under Secretary of Defense for Personnel and Readiness. The task force recommends immediate action in the following areas to address these findings and conclusions.

Recommendation 1

Secretary of Defense take the leadership action to enforce the importance of OCS to the Department's missions and formally task Chairman of the Joint Chiefs of Staff; Combatant Commanders; Secretaries of the Military Departments; Under Secretary of Defense for Policy; Under Secretary of Defense for Personnel and Readiness; and Under Secretary of Defense for Acquisition, Technology and Logistics to take leadership roles as recommended in this report to ensure that operational contract support is fully supported for contingency operations

Recommendation 2

Under Secretary of Defense for Acquisition, Technology, and Logistics establish a Director-level organization (3-star equivalent) with responsibility as the Department of Defense policy owner and proponent for operational contract support, taking on the following responsibilities:

- Coordinate efforts concerning operational contract support across the Office of the Secretary of Defense, the Joint Staff, Military Departments, and Defense Agencies, and support efforts to resource critical OCS-related requirements across these organizations
- Provide support, oversight, and reporting on all direction and guidance for OCS to include direction from the Secretary of Defense in addressing non-compliance, corrective actions, and resolution of key gaps
- Oversee the creation of a visible and transparent knowledge management system for operational contract support that links planning, requirements, contracting, and audit functions, and that easily identifies successful strategies and practices for ready use in emerging contingency operations
- Create new and support existing common business systems for operational contract support and institutionalize their use across the Department, to include developing and maintaining a roadmap for integration and compliance with supporting policies and procedures
- Oversee the implementation of the recommendations of this report

EXECUTIVE SUMMARY

To avoid creating a new organization, the task force recommends placing this leadership position in the existing *Director, Joint Rapid Acquisition Cell*, and renaming the position *Director, Joint Rapid Acquisition and Operational Contract Support Cell*.¹ The Director's responsibilities will include and expand the existing mission and associated responsibilities for operational contract support performed by the Deputy Assistant Secretary of Defense for Program Support.² The Director's staff should include experienced career logisticians and acquisition professionals.

Recommended Action 2a

The Under Secretary of Defense for Acquisition, Technology, and Logistics and Military Departments take charge of the institutional support requirements associated with using operational contract support

The Department must have a sourcing strategy for the skill sets required to manage and control contracted support in deployed operations, especially those in large or protracted contingency operations, and the ability to deploy these capabilities rapidly when needed. This strategy must include access to, support of, and security for contractors as required in contingency environments.

Recommendation 3

Secretary of Defense formally acknowledge contractors supporting deployed military operations as part of the total force structure, and establish the requirement for an organic capability to support short-term missions, as well as for contractor personnel with specialized skills unavailable in existing deployable personnel

Inappropriate functions for contracted support of deployed military operations should remain so:

- Actions that determine or decide national and mission policy and objectives
- Actions that determine or decide value to the nation and the dollar amount to be obligated
- Combat

Recommended Action 3a

Chairman of the Joint Chiefs of Staff; Military Departments; Under Secretary of Defense for Policy; Under Secretary of Defense for Personnel and Readiness; and Under Secretary of Defense for Acquisition, Technology and Logistics develop appropriate policies for operational contract support in all deployed military operations

This effort must include all elements of force structure—active duty, reserve forces, civil service, and contracted support. The significant policy implications and risk inherent in scaling operational contract support beyond initial operations plan timeframes (*i.e.*, for terms longer than 90 days) should require additional guidance and, in many cases, sign-off by the Secretary of Defense

¹ The most important attributes of the organizational recommendation are to 1) sufficiently raise the leadership authority and visibility for OCS and 2) provide a single point of contact to overcome the natural inertia that results when multiple organizations own different parts of OCS.

² This should not be interpreted as a recommendation to promote any individual currently in charge of any part of OCS as Director. The Task Force is not making any specific recommendations regarding personnel assignments.

EXECUTIVE SUMMARY

Recommended Action 3b

Combatant Commands and **Military Departments** should determine anticipated roles and criteria for the use of contracted support in planning each mission, and these anticipated roles should consider the anticipated length, complexity, scope, and urgency of each mission

The length of mission operations should be a guide but should not be the only discriminator; most missions will use a hybrid approach. For example, missions with durations of less than two weeks can typically be supported solely by uniformed military personnel while missions exceeding six months should use as much contractor support as needed.

Recommendation 4

Combatant Commands, with support from the Military Departments, adequately resource capabilities for planning, exercising, and managing operational contract support for their missions

This comprehensive planning function should determine the required level of support services and equipment to ensure mission success and to integrate operational contract support into all operational plans. Planners should incorporate all combat functional requirements into the appropriate functional annexes (*e.g.*, logistics, communications, intelligence, operations, force protection, weapons system support, and so on), and these should be cross-referenced to the Annex W of the operational plan. The complexity of this task warrants additional resources.

Recommended Action 4a

Combatant Commands and Military Departments vigorously and realistically test operational contract support in all phases of all exercises

To accomplish this, representatives of actual contractor companies from the existing industrial base providing support services to deployed military forces should be integrated into all contingency war games and exercises. Equally important is including representatives from the agencies responsible for mobilizing and managing such contracted support, such as the Defense Logistics Agency, the U.S. Transportation Command, the Defense Contract Management Agency, and finance detachment pay agents. Each should perform their roles in exercises with similar realism and timing of actual operations.

Recommendation 5

Each Combatant Command integrate operational contract support requirements into their Defense Readiness Reporting System (DRRS)

The **Chairman of the Joint Chiefs of Staff** should develop a means to identify and measure readiness of OCS elements, and develop standards for planning readiness and the readiness of the defense contractor base, in addition to those for combat readiness. This should include determining metrics that can help identify and mitigate root causes of past problems with OCS, including documenting the reliability of the local industrial base, training and skills of contractor personnel, how third country national personnel are recruited, the ability to vet and pre-qualify second and lower tier contractors, and other factors.

EXECUTIVE SUMMARY

Recommendation 6

Under Secretary of Defense for Acquisition, Technology, and Logistics and Chairman of the Joint Chiefs of Staff, with support of Under Secretary of Defense for Policy and Under Secretary of Defense for Personnel and Readiness, develop policy, doctrine, tactics, techniques, and procedures to effectively manage and mitigate risk in using contracted support to conduct military missions that could damage U.S. interests and impact mission performance

This risk management process should begin with the identification and documentation of potential operational contract support risk factors that could undermine missions and readiness. The **Joint Staff** should analyze past experience with contracted support of deployed military operations to understand the root causes of identified risks that have already been experienced or are anticipated. Such risks may include opportunistic fraud, inadvertent funding of adversary actions, lack of transparency into subcontractor levels, too many subcontractor levels, and trafficking in persons. An important aspect of this is to incorporate predeployment qualification of likely contractor entities and to monitor and mitigate the risks associated with the use of foreign subcontractors and local and third country national personnel. As well, the training of contracting officers, representatives, and commanders before they deploy to a mission should include strong ethics training with emphasis on understanding local practices and customs and the consequences of contract fraud. To ensure effectiveness of these tactics, the **Joint Staff** should track, assess, and report on risk mitigation successes.

Recommendation 7

Secretary of the Army ensure an enduring, rapid deployment contracting capability is available that effectively supports the Army and acts as a Joint Force capability in contingency operations.

This permanent capability should be tightly integrated with OCS planners in each Combatant Command and other Military Departments, and should be prepared to respond to Combatant Command requests as the designated military department supporting OCS in all Joint operations. It must include program management, contracting, and other functional expertise that gives the Combatant Commander the ability to integrate, synchronize, and deconflict OCS during contingency operations. An appropriate institution for this capability currently exists in the Expeditionary Contracting Command (ECC).

Recommended Action 7a

Under Secretary of Defense for Acquisition, Technology, and Logistics transfer the current function and related resources of the Joint Contingency Acquisition Support Office (JCASO) to provide strategic and operational synchronization, integration, and optimization of OCS during peacetime and contingency operations from the current position in the Defense Logistics Agency (DLA) to the Army's Expeditionary Contracting Command (ECC) as part of the proposed Rapid Deployment Contracting Capability (RDCC).

Recommended Action 7b

Under Secretary of Defense for Acquisition, Technology, and Logistics transfer permanently the current function and related resources of JCASO's OCS planners from DLA to the Combatant Commands.

EXECUTIVE SUMMARY

Recommendation 8

Secretary of Defense ensure all Department of Defense audit agencies establish appropriate mechanisms and have adequate resources to meet audit demands in both peacetime and during large contingency operations

Recommended Action 8a

By Fiscal Year 2016, the Secretary of Defense require all Department of Defense audit agencies to eliminate the current audit backlog and ensure audits of contingency contracts are completed within two years of contract completion

The task force recognizes that the massive current backlog can be attributed to the dramatic growth in contingency contracting. The task force also recognizes the important role of timely in-theater audits. To get back on track, contingency contracts prior to 2011 should be analyzed and then audited only on a high-risk basis. The task force also strongly recommends outsourcing the necessary data gathering for older contracts and moving current contracts up in the queue with a goal to complete current audits while they are relevant. Private sector risk-based audit practices can be a useful guide in this catch-up process, such as prioritizing audits based on the significance and risks of the contract.

Recommended Action 8b

To ensure timely resolution and mitigate potential damage caused by future audit backlogs, major contingency contracting offices in the Military Departments that award large logistics service contracts, such as the Logistics Civil Augmentation Program (LOGCAP), should more aggressively utilize alternative dispute resolution processes well before contract activities cease to resolve issues and prevent litigation

Recommended Action 8c

To prevent future delays related to audits, the Defense Contract Audit Agency and Military Department Audit Agencies should identify and address the root causes that delay their audits, develop strategies to handle surge requirements, and adopt risk profiling and selection processes that are used by private sector companies to prioritize these efforts

INTRODUCTION**1. Introduction**

In March 2012, the Under Secretary of Defense for Acquisition, Technology, and Logistics directed the Defense Science Board to study contractor logistics in support of contingency operations.

This study was initiated in response to a Congressional request, and the terms of reference were taken from the requiring legislation.³ The specific areas addressed included:

- Policies and procedures in the Department of Defense for planning contractor logistics support of contingency operations
- Organization and staffing for the implementation of such policies and procedures in the Department
- The development of Department doctrine for contractor logistics support of contingency operations
- The training of military and civilian defense department personnel for the planning, management, and oversight of contractor logistics support of contingency operations
- The extent to which the Department should rely upon contractor logistics support in future contingency operations and the risks associated with reliance on such support
- Any logistics support functions for contingency operations for which the Department of Defense should establish or retain an organic capability
- The scope and level of detail on contractor logistics support of contingency operations that is currently included in operational plans, and that should be included in operational plans
- Contracting mechanisms and contract vehicles that are currently used, and should be used, to provide contractor logistics support of contingency operations
- Department organization and staffing for the management and oversight of contractor logistics support of contingency operations
- Actions that could be taken to improve management and oversight of contractors providing logistics support of contingency operations by the Department of Defense

The study team was selected by the Defense Science Board to reflect strong experience in acquisition of services and logistics management while avoiding any membership with a conflict of interest. The task force began its work with the first of eight meetings on June 27, 2012.

Operational contract support is defined in this study as the ability to orchestrate and synchronize the provision of integrated contract support and management of contractor personnel providing support to the Joint Force within a designated operational area. This is contrasted to the more narrow definition of CLS, which is defined as support to contractor-provided weapons systems usually by the manufacturer of the system.

³ National Defense Authorization Act for Fiscal Year 2011, Public Law 111-383, Section 848, *Contractor Logistics Support of Contingency Operations*.

INTRODUCTION

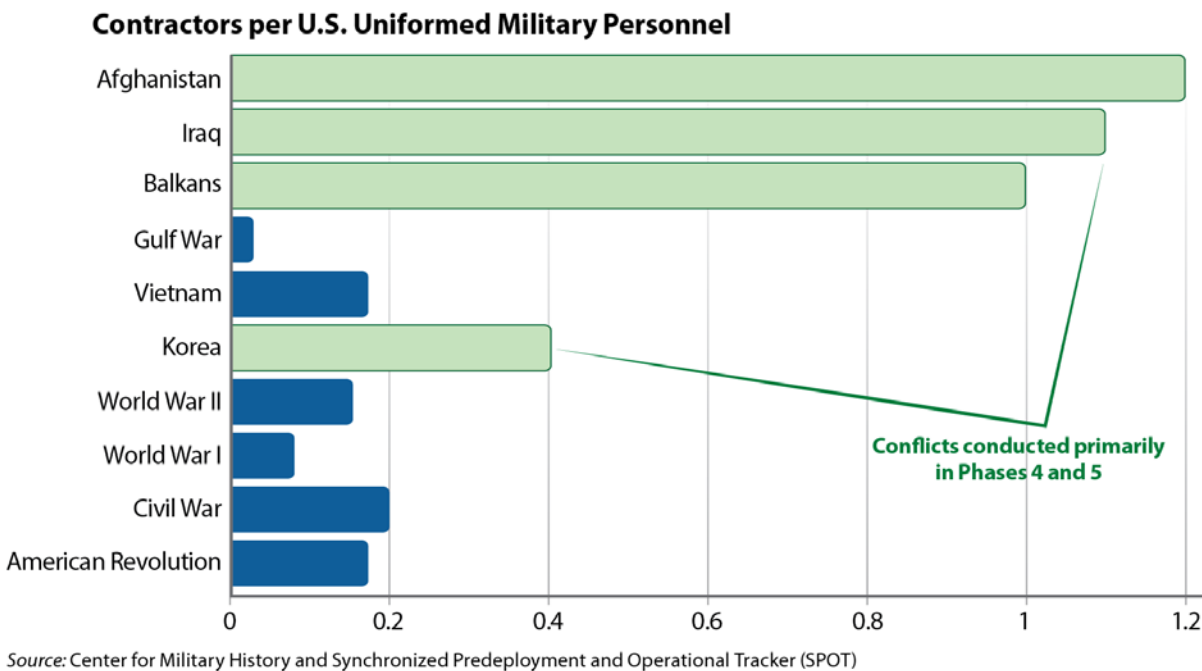


Figure 1 Use of contract support of deployed military operations since the American Revolution

History of Operational Contract Support

The use of contractors in support of deployed military operations began before the nation was formed in the Revolutionary War era and continues today. Because the methods used to account and document such support have varied widely over time, the data should be considered notional. Even without precise data, however, the trend is clear that use of contractors to support military missions on the battlefield has risen over the past 200 years.

The use of contracted support has spanned all phases of military operations:⁴

- Phase 0 *Shape the environment*
- Phase 1 *Deter*
- Phase 2 *Seize the initiative*
- Phase 3 *Dominate the enemy*
- Phase 4 *Stabilize*
- Phase 5 *Enable civil authority*

While contracts often overlap across phases or may not occur in some, the nature and scope of contracting actions can be generalized by phase of operation in focus, complexity, and amount of coordination and direct control required.⁵ In practice, the scope and scale of contracted support of deployed military operations varies widely depending on the mission and its duration. As shown in Figure 1, the use of deployed contractor support is greater during conflicts with more activities in Phases

⁴ See Appendix A for a description of Phases 0 through 5.

⁵ The Joint Staff, *Operational Contract Support: Draft*, Joint Publication 4-10, 2012.

INTRODUCTION



Figure 2 The broad scope of deployed contractors in contingency operations

4 and 5 that were focused on stability, security, transition, and reconstruction. This increased use of deployed contractor support is also true for larger disaster relief efforts.

Types of Contracts

Contractors support combat operations as well as humanitarian assistance and disaster relief, both within the U.S. and abroad. Mission support can be short term, for days or months, or sustained over years. It may support Joint or single Military Department actions, as well as training and exercises. The complexity extends to many types of services, including transportation by air, sea, and land, and construction of everything from housing and hospitals to runways and electronic warfare systems. Contracted support of deployed military operations also includes physical security of personnel, convoys, and forward operating bases. It also includes contractors who supply professional expertise such as medical, intelligence, and translation support. The supplies provided begin with fuel, food, and ammunition, and extend to just about anything military personnel need in the field.

Contingency contracts for OCS, including CLS, may be executed and managed in-theater, in the United States, in another country, or a combination of these. The types of contractor personnel are in two categories. Contractors authorized to accompany the force (CAAF) may include U.S. citizens, third-country nationals, and selected local nationals. Non-CAAF personnel may include all of these, but are primarily local nationals or permanent residents acting as guards, shopkeepers, vendors, or laborers. Figure 2 summarizes types of contractors, contracts, and contractor personnel.

While contracted support is useful in major combat operations (Phases 2 and 3), it is even more critical during stabilization and transition to civil authority (Phases 4 and 5). Therefore, when the

INTRODUCTION

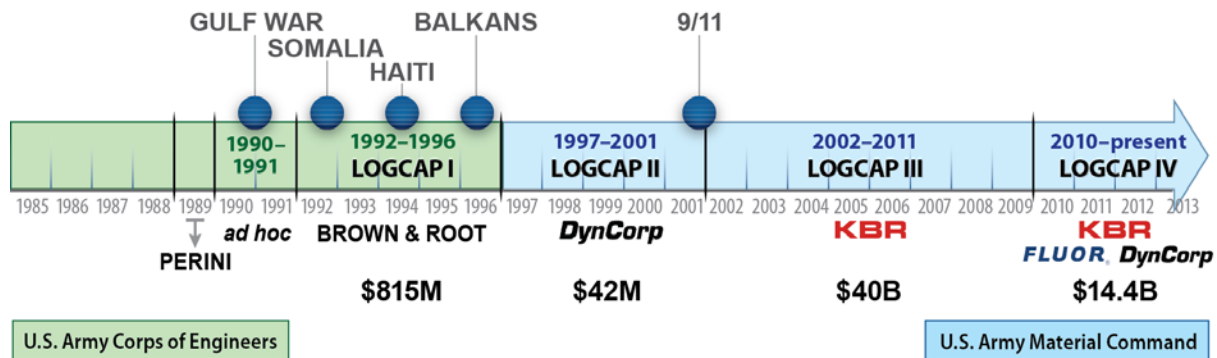


Figure 3 A history of the Logistics Civil Augmentation Program (LOGCAP) program

Department does not plan for or train past Phase 3, this results in the highest levels of improvisation and inefficiency—and the highest exposure to risk and cost.

The growth of contracted support per member of the military committed to a mission in the major conflicts is driven by many factors. Clearly, more sophisticated weapons systems drive the need for specialized support and highly skilled personnel. Improvements in the scale and scope of military living standards have also driven up the number of support personnel. Political constraints can also affect the allocated uniformed force strength and this uncertainty can drive the use of contracted support.

The extent that contracted support was used in recent conflicts is remarkable. For the majority of the duration of each contingency conflict, the number of contractor personnel was equal to or larger than organic military personnel. At one point there were over 160,000 contingency contractor personnel in Iraq.

Given the number of contractor personnel in theater, it should not be surprising that the fraction of injuries and fatalities have been comparable to that of the military. Over 2,600 fatalities and 22,400 serious injuries were reported for contractor personnel in Iraq and Afghanistan from 2001 to 2011.⁶

Logistics Civil Augmentation Contracts

Most contingency contract actions in Iraq and Afghanistan—more than 80 percent—were executed by contracting activities in-theater, and were mostly small, local contracts. These made up, however, only about 20 percent of the OCS funding, with the remaining 80 percent of funds allocated to external support contracts and CLS of weapons systems.

The largest contracts for deployed military support, however, are executed in the United States, led by the Logistics Civil Augmentation Program (LOGCAP) contract, administered by the U.S. Army in Rock Island, Illinois. A brief timeline of the program is shown in Figure 3, illuminating the growth in the program from \$815 million for the LOGCAP I contract to more than \$40 billion in the LOGCAP III contract. Before LOGCAP I was initiated in 1992, such contracting efforts were *ad hoc* in nature and

⁶ Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*, 2007. Available at time of press at http://www.army.mil/docs/Gansler_Commission_Report_Final_071031.pdf

INTRODUCTION

often involved the Army Corps of Engineers. Today, LOGCAP provides a programmatic mechanism to allow the government to bundle a very large number of different activities into one management vehicle that is relatively easy to direct to new and different needs that are not precisely known or identified at the outset of a mission.

On-site monitoring of contractor performance of both external and in-theater actions is generally carried out by a part-time contracting officer's representative (COR), often as a duty in addition to their functional assignment. The types of goods and services available through LOGCAP are comprehensive. Field services include billeting, sanitation, laundry, food and water services, operations and maintenance, personnel, and administration, and extend to morale, welfare, recreation, and even mortuary affairs. Other services include airfield operations, engineering and construction, power generation, information technology, transportation, medical services, and unarmed physical security—and everything else needed to accomplish the mission.

Many times, the LOGCAP contract and related Military Department Civil Augmentation Program contracts are equated with operational contract support. These are the largest contracts for operational support and their enormous scope encompasses many of the risks associated with contingency contracting. Without LOGCAP, however, the added complexity of individual and *ad hoc* contracts for each of these efforts would require far more government manpower and coordination. The LOGCAP lead contractor uses and manages hundreds of subcontractors to support the needed effort that would otherwise need to be managed by government contracting officers. This approach leads to clear efficiencies, but also creates risks that must be managed.

Previous Studies on this Topic

Operational contract support has been widely studied in the past several years. A list of some of the previous studies reviewed by the task force is provided in Appendix B. The majority of these previous studies were aimed at addressing current challenges and this report supports and confirms many of their recommendations.

Recommendations to centralize contract management and execution capability and to ensure leadership accountabilities that were emphasized by the Gansler Commission have resulted in positive changes. A primary example is the creation of the Army Contracting Command, and the Expeditionary Contracting Command within it, both discussed in greater detail later in this report. A Department-wide example includes the creation of five General Officer billets in key positions and the creation of a defense contingency contracting officer's guide.

A number of recommendations were identified by the Commission on Wartime Contracting to reduce fraud and to improve audit processes.⁷ Implementation of these recommendations resulted in a number of useful reforms. For example, the Department amended the Defense Federal Acquisition Regulation Supplement (DFARS) to improve the oversight of contractor business systems, including the ability to withhold a percentage of payments on certain contracts when a contractor's business systems contain significant deficiencies. The Department also established a working group to address manpower requirements using civilians in support of contingency operations. The goal is for this civilian workforce to be pre-identified, trained, cleared, equipped, and ready to deploy in support of combat operations, humanitarian missions, disaster relief, restoration of order, drug interdiction, and stability operations.

⁷ Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling Costs, Reducing Risks*, 2011. Available at time of press at <http://www.wartimecontracting.gov/>

INTRODUCTION

In the beginning of this study, the task force was skeptical that additional value could be added to the volumes already written on the subject. After only a few briefings, however, it became obvious that there was much more to the story than the public perception of corrupt contractors and careless military contracting officers. After delving into the subject and conducting many interviews, a number of new recommendations surfaced in addition to confirming previous findings. These included the need to:

- Establish the role of contracted support of deployed military operations within the total force mix
- Ensure leadership accountability across the Department and in the Combatant Commands for operational contract support in their area of responsibility
- Institute a readiness measurement capability and institute accountable measures of success for operational contract support as a component of combat readiness
- Develop and implement a risk management plan for operational contract support
- Ensure timely audits of contingency contracts that are useful for contract management

Roles and Responsibilities for OCS in the Department

A primary item in the terms of reference for this study was to assess the organization and staffing for the implementation of such policies and procedures in the Department of Defense. While the Secretary of Defense has ultimate responsibility for operational contract support, how this responsibility is translated through the chain of command is not clear.

Operational contract support doctrine provides authoritative high level principles; organizational approaches; and tactics, techniques, and procedures that provide the military a basis for gaining visibility of and asserting control over contracted support provided in support of deployed military operations. This doctrine applies across all phases of operations and all types of contracts—theater support, weapons systems support, and external support contracts.

The breadth of operational contract support leads to many organizations with responsibility for its different aspects. This breadth of both implementation and management responsibility has resulted in a number of challenges in recent years. The following sections outline the current responsibilities across the Department.

Office of the Secretary of Defense

USD (AT&L) is assigned the responsibility to develop, coordinate, establish, and oversee implementation of the Department's policy for managing operational contract support across the Department. Within this office, the Assistant Secretary of Defense for Logistics, Materiel, and Readiness (ASD (LM&R)) is assigned oversight responsibility, advised and assisted by the Joint Staff. The Deputy Assistant Secretary of Defense for Program Support (DASD (PS)) within ASD (LM&R) is the *de facto* program manager for operational contract support. While USD(AT&L) has led the way to integrate OCS in the Department, leaders in other functional areas have not demonstrated the same commitment to to inculcate OCS in their areas of responsibility.⁸

Military Departments

The Military Departments play key roles in the implementation of policies and procedures for operational contract support. Each Military Department is inherently responsible for logistics support of

⁸ Government Accountability Office, *Operational Contract Support: Sustained DoD Leadership Needed to Better Prepare for Future Contingencies*, GAO-12-1026T, September 12, 2012.

INTRODUCTION

its own personnel, to include providing contracting support. As a general rule, at the beginning of a contingency operation, each Military Department will provide contracting support to its own forces. As the contingency progresses and becomes Joint in nature, the Combatant Commander, for reasons of efficiency, and to deconflict redundant tasks, may choose to implement lead Service or Joint Theater Support Contracting Command coordination arrangements.

In 2008, the U.S. Army created the Army Contracting Command (ACC). Appointing a General Officer to lead the Army's contracting efforts greatly strengthened the ability to synchronize and integrate program management of Army acquisition planning and operational execution. The Navy, Air Force, and Marines have no capability of similar size and scope. In Joint operations, the ACC and, within it, the Expeditionary Contracting Command (ECC) can support all of the Military Departments.

The ACC and ECC are not currently chartered or staffed as the truly Joint function that is needed for Joint operations. These organizations are further threatened by the Army's current downsizing and restructuring activities. In 2014, the ACC and ECC will merge staff functions while maintaining separate ACC and ECC Tables of Distribution and Allowances (TDAs). The commanding officer will be dual-hatted as the ACC deputy and ECC commander. The rationale for this is the need to maintain the capability for potential Joint contracting command missions, while meeting the Army mandate to reduce two-star and higher headquarters staffs by 25 percent.⁹

In the Navy and the Air Force, the key military department leaders involved in inculcating OCS have generally been limited to the office of the Senior Procurement Executive. In the Army, some senior leadership is involved ensuring the importance of OCS is understood, but there has been no top-down push to integrate OCS as part of normal Army business from strategic to tactical levels across all functional areas. The lessons of the past decade at war have not been learned, and an understanding of the key role OCS has played, and will play in future military actions, is not part of the Service culture. In light of looming defense downsizing and the impending departure of U.S. forces from Afghanistan, it is altogether likely the same learning curve will be imposed in future unless action is taken.

Combatant Commands

Joint doctrine charges Combatant Commanders with issuing guidance and procedures to integrate contracted support within their area of responsibility. Commanders are also responsible for planning for operational contract support, including the integration of contracted support and the associated personnel for all phases of military operations, as well as identifying required minimum planning criteria. Combatant Commanders are tasked to develop campaign, campaign support, contingency, and posture plans, and to provide further guidance and direction on the inclusion of operational contract support in planning. However, in all matters regarding personnel and equipment, Combatant Commands are at the mercy of the Military Services, which have the responsibility to train and equip the force.

Combatant Commands further suffer from a lack of permanent manpower to do planning for OCS and to be able to manage and integrate it into their operations during contingency operations. Like the Military Services, OCS understanding in the Combatant Command is generally limited to the J-4, but needs to be inculcated throughout all of the J-codes. The task force found little evidence that individual Combatant Commanders make OCS a Commander's business across their staffs to ensure that OCS is properly integrated into plans and exercises and to ensure that readiness is maintained.

⁹ Congressional Research Service, *Army Drawdown and Restructuring: Background and Issues for Congress*, R42493, February 28, 2014.

INTRODUCTION

Joint Chiefs of Staff

The Chairman of the Joint Chiefs of Staff has responsibility to ensure that Joint doctrine and training is developed to guide a Joint Force Commander's (JFC) actions to integrate contracted capability and to supervise the management and oversight of contractors during contingency operations. While much of the responsibility to execute these responsibilities rests with the Joint Staff (J4, Logistics), the J4 also coordinates readiness, planning, personnel, and other Joint functions related to operational contract support.

Defense Agencies

Several defense agencies have key responsibilities in the implementation of operational contract support. These functions are critical to successful contracting support of contingency operations, but their responsibilities are not currently functionally aligned.

The Defense Contract Management Agency (DCMA) works directly with defense suppliers to help ensure that goods and services are delivered on time, at projected cost, and meet all performance requirements. This support is delivered through both deployed personnel and through reachback to personnel in 45 DCMA contract management offices located worldwide. To support its deployed mission in contingency operations, DCMA relies on civilian expeditionary volunteers, term civilian employees, and military personnel.

Because the majority of activity in DCMA has been to manage contracts for weapons systems, management of OCS has been on a learning curve. Promising signs that this is leveling out include an update to the Joint doctrine to address how contingency contract administration services will be provided in future Joint operations and an initiative in DCMA to form a Contingency Response Force to be prepared to support deployed operations in the future.

The Defense Logistics Agency (DLA) provides the Department, other federal agencies, and allied forces with the full spectrum of logistics, acquisition, and technical services. The Agency sources and provides nearly 100 percent of the consumable items deployed forces need to operate, from food, fuel, and energy, to uniforms, medical supplies, and construction and barrier equipment. DLA also supplies more than 84 percent of the military's spare parts.

Within DLA, JCASO provides strategic and operational coordination and integration of operational contract support during peacetime and contingency operations. This capability is increasingly important and the Department is in danger of losing this functionality in the current drawdown.¹⁰

The Defense Contract Audit Agency (DCAA) provides audit and financial advisory services to DoD and other federal entities responsible for acquisition and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts to ensure taxpayer dollars are spent on fair and reasonable contract prices. The agency also provides contract audit services to other Federal agencies as appropriate. Over the past decade, DCAA has incurred a large backlog of audits and continues to struggle to close aging contracts.¹¹

¹⁰ Government Accountability Office, *Warfighter Support: DoD Needs Additional Steps to Fully Integrate Operational Contract Support into Contingency Planning*, GAO-13-212, February 8, 2013.

¹¹ Government Accountability Office, *Defense Contracting: DoD Initiative to Address Audit Backlog Shows Promise, but Additional Management Attention Needed to Close Aging Contracts*, GAO-13-131, December 18, 2012.

INTRODUCTION

Initiative Efforts for OCS

While the implementation of operational contract support was essentially a vast improvisation at the beginning of the conflicts in Iraq and Afghanistan, a number of processes have been implemented in the past decade in an attempt to impose structure.

A summary of some of the processes and procedures that have been developed are described in Appendix C. These include tools applied in the planning for OCS, as well as requirements determination, contract development, contract execution, and contractor management. It is important to note that much of this infrastructure did not exist at the start of the conflicts in Iraq and Afghanistan, nor for disaster relief efforts such as Hurricane Katrina.

The primary coordination mechanism in the Department for contracted support of deployed operations is the Operational Contract Support Functional Capabilities Integration Board (OCS FCIB). It is co-chaired by DASD (PS) and the Vice Director, Directorate for Logistics, Joint Staff (J4). The OCS FCIB co-chairs lead, coordinate, and advocate for operational contract support within the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies to address time-sensitive issues affecting contracted support of contingency operations, as well as to develop and oversee implementation of a Departmental-level strategy. The OCS FCIB has no independent decision-making powers, but the forum affords access to other component forums to raise issues related to operational contract support. The task force found that the current coordination functions are simply inadequate as a decision-making or influencing organization responsive to the warfighter.

The task force received briefings on these and other initiatives during its information-gathering phase; and is aware of subsequent initiatives underway since completing this phase in March 2013. The task force commends DoD for these efforts but offers a caution not to confuse activity with results. The task force was disappointed to learn, for example, that many of these very valuable tools have been implemented only within current contingency actions and will not be maintained during peacetime. It is clear this is not a useful path.

The task force strongly believes that the recommendations contained in this report, and the good work already done by DoD, will only succeed if top-down leadership, starting with the Secretary and including the Combatant Commanders, the Chairman of the Joint Chiefs of Staff, the Military Service secretaries, and the Military Service chiefs, embrace the critical mission importance of OCS, take measures to implement sustainable results, and hold leaders accountable.

2. Leadership for Operational Contract Support is Essential

The overarching conclusion of the task force is the lack of committed leadership and management of OCS. Without such leadership, there is no clear and effective management structure that aligns responsibility, authority, accountability, and outcomes for OCS.

The situation as it has evolved in recent years was in many ways unanticipated. As planned, one organization—the Combatant Command—was in charge of the contingency mission operations and commanded all of the military personnel in the theater area of responsibility. Yet an entirely different organization delivered the same number of individuals—or more—to the area to provide logistics, weapons system, and other support. This meant that 50 percent of the team, all of whom were expected to work together to accomplish the mission, were effectively “under the command” of contracts often drafted many years before the contingency began.

Setting Requirements

Setting and managing the requirements for contingency contracts was a “rudderless ship” for most of the past decade. Because Combatant Commanders had not planned or exercised with operational contract support, they lacked an understanding of the requirements, costs, or risks associated with this crucial support. As a result of the lack of planning, many support contracts were issued at a small scale and were expanded as previously unknown requirements evolved. Scope changes on LOGCAP task orders exceeding 50 percent of the initial requirements were not uncommon, resulting in a high level of improvisation with associated higher costs.

A key example of the “rudderless ship” is the lack of consistent standards for support of troops to provide housing, medical care, transportation, and security. The task force learned that some commanders limited troop comforts and others enhanced them and that the cost of contracted support “was as expensive as field leaders allowed it to be.” The lack of cohesive authority and responsibility resulted in many grey areas and a poor differentiation of “wants” and “needs.”

Detailed predeployment planning for requirements could have significantly reduced these scope changes and the associated costs. Without adequate policy and doctrine, contractors were placed in an unenviable position to meet the demands of the commander while trying—heroically at times—to deliver goods and services based on indefinite requirements in a rapidly changing and non-permissive environment. The task force heard many stories where contractors went to extraordinary efforts to fulfill requests that were not in the original tasking—yet were crucial to the war effort.

Change orders in response to these adjustments were not handled efficiently, especially for externally awarded contracts. Contractor personnel under LOGCAP were required, for example, to support 100 brands and 500 different models of generators in Afghanistan, most of which they did not provide and for which they did not have appropriate task orders. At various times, the LOGCAP contract had thousands of backlogged change orders impacting readiness in theater—with only a small staff working to resolve them based in Rock Island, Illinois.

This situation was exacerbated by contracts with award fees based on perfect ratings. To perfect their performance, contractors provided very comfortable living standards at forward operating bases through adding more contractor personnel and delivering more services. Inevitably, this drove up costs. Some contractors provided air-conditioned barracks, tiled bathrooms, dozens of flavors of ice cream, three hot meals per day when only one was required, and hundreds of other unplanned expenditures.

LEADERSHIP

Neither the commander nor the contractor took responsibility to set living standards that considered both support needs and available resources.

The task force found there was inadequate oversight and management of contracted support throughout the life cycle of the acquisitions being executed or delivered in theater, from requirements determination through contract closeout. Without a leadership-driven contract management and contractor relationship, there was no incentive on either side to drive down costs.

The task force found that the vast majority of contractor personnel and government contract managers accomplished their mission goals. However, a better focus on operational contract support on the part of commanders at all levels and improved contract management and oversight could have greatly improved their efficiency and effectiveness. It could also have prevented much of the reported fraud, waste, and abuse by both contractors and military.

Combatant commanders have not acknowledged their real dependence on and partnership with contracted support. Despite the fact that contractors made up more than 50 percent of the total force in Iraq and Afghanistan, there is little evidence that Combatant Commanders included OCS in their planning, readiness assessment, or in training and exercising. The task force heard that the word “contracting” in operations frequently denotes “it is not my job.” Commanders have neither been held accountable for nor taken responsibility for the cost or performance of contracted support in their area of responsibility.

Reducing Risk Exposure

An additional consequence of the lack of planning or accountability is the exposure of the Department to unplanned risk. A fundamental issue was the lack of planning for Phase 4 (stabilize) and Phase 5 (enable civil authorities) by the Department both before and in the early years of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

When the operations moved into Phase 4 in early 2003, the rate of growth of the contractor workforce far exceeded the Department’s ability to institute the required rule set and to emplace government personnel to oversee and manage it. This clearly demonstrates the need for a strategic framework in place for policy, doctrine, and planning guidance to underlie and enable the corresponding tools, training, and documentation needed for proper execution. As a result of this lack of planning, the implementation of OCS in active operations has been a constant game of catch up for more than a decade.

Poor contract administration, inconsistent and poorly implemented contract modifications, and opportunities for fraud, waste, and abuse have accompanied contracted support in deployed operations. While the press tends to highlight the “bad apples,” the task force found that the overwhelming majority of people were doing their best in a difficult environment. Instead of blaming individuals, the task force found that the lack of institutional planning was the driving factor, and, in the absence of planning, the lack of leadership during execution of OCS during contingency operations was a much more compelling cause. The task force attributes the lack of integrated policy, doctrine, and planning for the use of contractors as the primary causes of performance issues, cost overruns, overlapping contracts, and litigation between the Department of Defense and support contractors.

Changing the Culture

It is overwhelmingly clear to the task force that operational contract support has significantly changed how current contingency operations are carried out and will be carried out in the future.

LEADERSHIP

Radically improved collaboration, planning, and exercising will be needed for the effective and efficient use of contracted support of deployed military operations, including seamless integration and collaboration among Combatant Commands, Military Departments, and the contractor support industrial base.

Much progress has been made toward this end in the past few years. The DASD (PS) and J4, supported by the Director of Defense Procurement and Acquisition Policy, have facilitated the creation of a strategic framework that addresses the policies, processes, plans, organizations, and tools needed to enable positive change. A strong portfolio of procedures and guidance has been implemented and is resulting in positive change.

The task force found, however, that key parts of the framework have not been implemented in theater and that the strategic framework has not shifted the culture at the top across key functional areas. Defense instructions and directives now address many of these issues but many briefers reported that compliance and follow-through have been both slow and inconsistent.

There remains a fundamental lack of appreciation for OCS at the highest strategic leadership of the Department. Neither the DASD (PS) or J4 have adequate influence to be the Departmental lead for such a cross-cutting capability, with the ability to establish doctrine, organization, training, materiel, logistics, personnel, facilities, and policy (DOTMLPF-P) across all functional domains. A higher level director is needed in the Office of the Secretary of Defense, as described in this report, in order to provide the needed comprehensive, strategic leadership.

The fundamental finding of the task force is that without adequate planning, efficient execution is impossible. Regardless of the type and character of future contingency operations, pre-planning based on solid policy and doctrine will provide a useful framework that can be modified during execution. Unless a commitment is made to resolve these leadership issues, the task force concluded that the same problems will appear in the next contingency operation. This was painfully evidenced during the surge into Afghanistan in 2010, a time when many assumed that contractor support issues had been resolved. However, logistics contractor support to forward operating bases was delayed by more than six months owing to contracting delays.

Leadership is needed from the strategic to tactical levels across all functional domains to ensure compliance with the directives and policies associated with operational contract support management. Without a sense of urgency and appropriate tasking that can only come from the senior levels in the Department, the culture change needed to bring the Department together and implement this bottom-up change will not happen in time for the next natural disaster, international incident, terrorist attack, or other event that will require a U.S.-led military action lasting more than a few weeks.

The task force concluded that the only way these fundamental gaps in the total force structure doctrine, operational planning, and acquisition execution will be remedied is a Department-wide culture change led and directed by the Secretary of Defense.

These developments are moving forward, albeit at the pace of a studied government bureaucracy. The established doctrine process operates on a five-year cycle and there is generally not a sense of urgency associated with updates. Joint doctrine for operational contract support was formally introduced in 2008 as Joint Publication 4-10, and J4 is currently updating this and plans to publish it in July 2014. A Joint Concept for OCS has been completed to support Joint Force 2020 and was approved by the Joint Requirements Oversight Council (JROC) in October 2013.

LEADERSHIP

The lack of urgency to resolve policy and leadership issues is an understandable position considering that the U.S. is concluding operations in both Iraq and Afghanistan. A lesson learned from previous conflicts, however, is that expectations are no indicator of the future. Appropriate policies, operational plans, and readiness requirements are clearly needed today to be properly prepared for future contingency operations, which could begin as soon as tomorrow.

Recommendations

The task force found a lack of strategic leadership to resolve this disconnect in the roles and responsibilities for OCS that cross all functional areas and range from strategic to tactical levels. This remains the major cause of current and future challenges in effectively and efficiently providing contracted support of deployed military operations. This lack of leadership has resulted in a lack of clarity regarding OCS roles and responsibilities and a lack of urgency in planning, training, and exercising for operational contract support in contingency operations.

In summary, there is a Department-wide lack of understanding as to who is in charge of fixing these well-documented issues. The task force identified an urgent need for better collaboration and communication across the Department led by a clear and effective command line of authority for operational contract support.

Recommendation 1

Secretary of Defense take the leadership action to enforce the importance of OCS to the Department's missions and formally task Chairman of the Joint Chiefs of Staff, Combatant Commanders, Secretaries of the Military Departments, Under Secretary of Defense for Policy, Under Secretary of Defense for Personnel and Readiness, and Under Secretary of Defense for Acquisition, Technology, and Logistics to take leadership roles as recommended in this report to ensure that operational contract support is fully supported for contingency operations

Recommendation 2

Under Secretary of Defense for Acquisition, Technology, and Logistics establish a Director-level organization (3-star equivalent) with responsibility as the Department of Defense policy owner and proponent for operational contract support, taking on the following responsibilities:

- Coordinate efforts concerning operational contract support across the Office of the Secretary of Defense, the Joint Staff, Military Departments, and Defense Agencies, and support efforts to resource critical OCS-related requirements across these organizations
- Provide support, oversight, and reporting on all direction and guidance for OCS to include direction from the Secretary of Defense in addressing non-compliance, corrective actions, and resolution of key gaps
- Oversee the creation of a visible and transparent knowledge management system for operational contract support that links planning, requirements, contracting, and audit functions, and that easily identifies successful strategies and practices
- Create new and support existing common business systems for operational contract support and institutionalize their use across the Department, to include developing and maintaining a roadmap for integration and compliance with supporting policies and procedures
- Oversee the implementation of the recommendations of this report

LEADERSHIP

To avoid creating a new organization, the task force recommends placing this leadership position in the existing *Director, Joint Rapid Acquisition Cell*, and renaming the position to *Director, Joint Rapid Acquisition and Operational Contract Support Cell*. The Director's responsibilities will include and expand the existing mission and associated responsibilities for operational contract support performed by the Deputy Assistant Secretary of Defense for Program Support. The Director's staff should include experienced career logisticians and acquisition professionals.

Recommended Action 2a

The Under Secretary of Defense for Acquisition, Technology, and Logistics and **Military Departments** take charge of the institutional support requirements associated with using operational contract support

The Department must have a sourcing strategy for the skill sets required to manage and control contracted support in deployed operations, especially those in large or protracted contingency operations, and the ability to deploy these capabilities rapidly when needed. This strategy must include access to, support of, and security for contractors as required in contingency environments.

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

3. Use of Operational Contract Support Needs Clarity

*The fiscal reality facing us means that we also have to look at the growth in personnel costs, which are a major driver of budget growth and are, simply put, on an unsustainable course.*¹²

Secretary of Defense Leon Panetta
October 11, 2011

The U.S. military has historically relied upon contractors to support military operations. When the end of the Cold War was followed by a “peace dividend” and a dramatic drawdown of forces—from approximately 2.1 million to 1.4 million personnel today—the resulting force structure lacks both the numbers and, in some cases, the skills to execute its core missions without significant contractor support.

Many mission-critical capabilities are no longer organic to the force at the scale required and must be obtained through contingency contracts. Key examples of commercial support needed to sustain military action include: weapons system support functions, medical support, logistics support functions, construction, and transportation. Without the ability to call on contracted support for these capabilities, military commanders would be unable to field and sustain a force for any period of time longer than roughly 14 days.

This was painfully apparent in recent large-scale operations in Iraq and Afghanistan, when the Department undertook significant stability, security, transition, and reconstruction roles for which it has almost no inherent capability. As a result, contractor personnel in these conflicts grew to comprise more than 50 percent of the total deployed forces. These contractors performed a variety of functions from base operations, logistics, security, and construction, to transportation and communications.

As a result of this *de facto* force structure, contractors should be considered as one of the essential components of the Department’s total force, along with the active component, the Guard and Reserve, and civilian defense employees. With current budgetary constraints, projected force cuts, and the ever-increasing reliance on technology, contracted support will continue to be a critical element of most deployed military operations.

Capability for Rapid Deployment, Augmentation, and Downsizing

With proper operational contract support planning and management, contractors can be force multipliers, affording access to an adaptable mix of unique skill sets that would otherwise be unaffordable or unavailable within a solely military and government civilian force. Additionally, operational contract support strengths that have proved critical to operations include flexibility, adaptability to unknown requirements, ability to rapidly adapt to change, surge capacity, access to experienced workers, and individual continuity in-theater. At the strategic level, maximizing the benefits of contracted support hinges upon achieving a particular balance of personnel from each component across the total force that, if realized, can significantly improve readiness and reduce the requirement for standing military forces.

¹² K. Wong, *Panetta: We Must Avoid at All Costs a Hollow Military*, ABC News National Security Blog, October 11, 2011. Available at <http://abcnews.go.com/blogs/politics/2011/10/panetta-we-must-avoid-at-all-costs-a-hollow-military/>

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

Many factors favor the use of contracted support, which can benefit the mission in a number of ways. A contractor may be able to staff up and establish operations more quickly than a military unit. In practice, contractors can often be mobilized more quickly than Guard and Reserve personnel, where approximately two-thirds of the logistics personnel in the Army reside. During the first Gulf War, for example, Reserve units that were activated to support active component combat forces did not arrive in-theater for months after the operation began. The response time improved with Operation Iraqi Freedom but it still took approximately 160 days for battalion-size units from activation to arrival in-theater. LOGCAP contractors, on the other hand, can be required to begin contract performance as early as 15 days after notification to proceed on a specific task order.¹³

Unlike government personnel, contractors are not bound by military deployment rotations or salary constraints. Consequently, a contractor can require its employees to deploy for longer periods—and pay them accordingly. As a result, contractors often have had a more stable workforce during long-term operations, providing an element of experience and continuity to the support infrastructure. Finally, when the requirement changes, the contractor workforce can be downsized much more quickly with no long-term costs. For example, a recent contractor census reports the number of contractors in Iraq as 9,500, as compared to a wartime high of over 160,000.¹⁴

A commercial firm may also be able to access a worldwide labor force with skill sets and experience not available in deployable military or civilian personnel, and also may be able to provide a labor force willing to work certain jobs at a far lower cost than members of the all-volunteer military. A contractor workforce may also be required when the number of troops available for a specific mission is limited by policy decisions. In these cases, a commander may choose to use active duty military and reservists only in areas where they are critically needed and use nonmilitary contractors to support them.

When the cost of contingency contracts are viewed in the abstract it is sometimes hard to justify the use of contractors vice organic forces. When the actual support, however, is viewed in detail—over a billion meals served, over 25 billion gallons of water delivered, and similarly massive numbers for mail bags handled, fuel delivered, truck miles driven, and laundry bags washed—it is easy to see how practical and necessary contracted support services are. The overall cost of contingency contracts cannot be ignored. However, when the total life cycle costs of contracted support are considered, such support is often less costly than an organic capability.¹⁵ It is also readily apparent that these logistics support tasks can be done equally well by either government or contractor personnel.

Functions Inappropriate for Contractor Performance

Regardless of the rationale for using contracted support, there is no doubt that some functions must be performed only by government personnel, either military or civilian. The government uses several approaches to identify these functions, and, alternatively, which others may be contracted with the private sector. The Federal Activities Inventory Reform Act of 1998 (FAIR Act) provides statutory definition, which states “a function so intimately related to the public interest as to require performance

¹³ Congressional Budget Office, *Logistics Support for Deployed Military Forces*, October 2005.

¹⁴ Department of Defense, *Contractor Support of U.S. Operations in the USCENTCOM Area of Responsibility to Include Iraq and Afghanistan*, 2008-2012. Quarterly contractor census reports are available at http://www.acq.osd.mil/log/PS/CENTCOM_reports.html

¹⁵ Congressional Budget Office, *Logistics Support for Deployed Military Forces*, October 2005.

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

by Federal Government employees.”¹⁶ Such activities generally require either exercising sovereign government authority, or establishing procedures and processes related to the oversight of monetary transactions.¹⁷ Additionally, the Department has characterized some functions—those directly linked to the military’s warfighting mission—as “core” or “military essential” and may also reserve them for government personnel.¹⁸ These essential military functions can be defined more narrowly as those associated directly with the use of physical force.

In this study, the following broad functions are identified as appropriate only for government personnel:

- **Actions that determine or decide national and mission policy and objectives**
- **Actions that determine or decide the value to the nation and the dollar amount to be obligated (including inspector general and audit functions)**
- **Combat**

Whether a service will be provided by military members or private firms is often subject to an interpretation of the above items, and have, at times, contributed to some ambiguity in deciding what constitutes the “right mix” of military and contractor employees supporting contingency operations. The study found that it is appropriate to contract for all contingency operation functions that are not on this short list.

The use of contracted support of deployed military operations always requires judgment to determine the appropriate balance of contractors within the total force. Factors that must be considered include a potentially uncertain or non-permissive operational environment, the adequacy of planning for operational contract support; the readiness of contractors, and the availability of required specialized skills. In addition, strategic regional objectives may also play a role, such as providing economic incentives and employment for local nationals.

Measurable and Compelling Cost Advantages

Drawing comparisons between contracted support and the cost of maintaining an organic military capability is an ongoing challenge. Many mistakenly assume that because military and government personnel generally have a lower hourly rate as compared to the billed rate for a private contractor that it would be much cheaper to use these personnel for support functions. The cost of the contractor, however, includes all direct and indirect costs, along with all training and equipment costs, any deferred compensation, and a fee. Finally, they are hired only for the required time frame.

The salaries of military personnel clearly do not include these additional costs. Even if one includes the costs for medical care, retirement, hostile fire pay, life insurance, and family separation allowances, there are still the costs for administrative support in-theater, post-service veterans benefits, in-service education, mid-tour or home leave, training leave, the equipment to support them, as well as the overhead cost associated with their management.

¹⁶ Federal Activities Inventory Reform Act of 1998, Public Law 105-270. Available at time of press at <http://www.gpo.gov/fdsys/pkg/PLAW-105publ270/pdf/PLAW-105publ270.pdf>

¹⁷ Office of Management and Budget, *Performance of Commercial Activities*, Circular A-76, Revised, May 29, 2003.

¹⁸ Department of Defense, *Quadrennial Defense Review Report*, September 30, 2001.

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

Perhaps most importantly, these costs do not include the base number of troops needed for rotation. Ideally, the Army needs to maintain two units stateside for each deployed unit.¹⁹ This time at home enables units to recuperate from their deployment, reconstitute personnel and equipment, and train for their next deployment. That means for each member in-theater, a Military Department needs approximately two more stateside. Moreover, this force must be maintained in peacetime, to be ready to respond to military operations. Contractor support, on the other hand, can be reduced dramatically or eliminated when the support is no longer required.

Hiring the Right Experience at the Right Time and Right Place

Contractors often specialize in a particular service and provide it to multiple entities on a constant basis. Relying on contractors, therefore, allows the government to “shop” for specific skill sets. From vehicle repair technicians, to construction workers, to translators, to food preparers, contractors are often better suited to the provision of certain services because they have acquired the skills that come with experience. Their military counterparts, on the other hand, may not be as experienced or may not perform these tasks on a regular basis.

Moreover, many contractors hire laterally (*i.e.*, hire qualified employees from other firms and separating or retiring military), obviating the need to extensively train employees in the first place. Unlike military personnel, contractors are not bound by deployment or salary constraints.

When contractors need specialized skills, they can hire and train their employees more quickly than their government counterparts. For example, in Iraq, the State Department relied on private security contractors to protect individuals, convoys, buildings, and economic infrastructure. According to the State Department, contractors can be recruited, qualified, hired, trained, and deployed in 90 to 120 days. State Department special agents, on the other hand, are college-educated law enforcement officers with extensive training in many areas, only some of which is in security. It takes approximately two years to recruit and train special agents.²⁰

The Cost of Rotation for Base Support

The Congressional Budget Office (CBO) analyzed the use of a mix of active-duty and reserve military personnel to perform the functions performed by contractor personnel under LOGCAP, using the largest task order in Iraq (Task Order 59) as a model. This task order required the provision of support functions such as base-camp operations and food services for up to 130,000 troops. This study estimated the cost of having uniformed personnel provide those same functions over a 20-year period with alternating 5-year periods of war and 5-year periods of peace. When only the wartime periods are taken into account, the Army’s support units could perform them for virtually the same cost as the contractor.

When the peacetime periods are considered, however, the results change dramatically. During peacetime, the contractor only needs to maintain a small planning and management staff, at a cost of only a few million dollars per year. The Army on the other hand, would need to maintain about 80 existing support units, plus nearly 800 new support units, in order to maintain its rotation base. When the CBO included both the wartime and peacetime costs, they estimated the Army’s total cost would be

¹⁹ Testimony of Gen. Richard A. Cody, Vice Chief Of Staff, United States Army, *Army Force Strength*, February 02, 2005.

²⁰ Congressional Research Service, *Private security contractors in Iraq: Background, legal status, and other issues*, RL32419, August 25, 2008.

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

Table 1 Cost Comparison of LOGCAP III Support and Organic Army Support, in 2005 dollars

	LOGCAP III Contractor Support	Organic Army Support
Nonrecurring contract costs	\$5.4 B	
Recurring contract costs	\$36.0 B	
Organic cost to perform support mission		\$42.7 B
Cost to provide rotation base		\$35.7 B
Total over 20 years	\$41.4 B	\$78.4 B

SOURCE: Congressional Budget Office, *Logistics Support for Deployed Military Forces*, October 2005

about 90 percent higher than the contractor's cost.²¹ Table 1 lists the cost findings of this study, showing a savings of more than \$37 billion (47 percent) by using contractors.

In a separate analysis, the special case of providing physical security was analyzed by CBO. This function is needed for all personnel, including contractors, and was frequently contracted for in Iraq and Afghanistan. The CBO compared the cost of replacing a specific private security contractor with comparable military personnel. The CBO identified a hypothetical Army unit that would deliver roughly the same 189 full-time equivalent personnel as the contractor had been providing in Iraq. The CBO assumed that this would require about one-third of an Army light infantry battalion. The CBO considered the Army's goal of having two units at home station (the rotation base) for each unit deployed overseas, and estimated the Army's total costs at \$110 million for one unit deployed and two units in the rotation base, compared to the contractor costs of \$99 million to provide this support. In peacetime however, the costs of the two options would be significantly different.²² The contractor would only need a small retainer to maintain a capability to meet the demands for a future conflict, while the Army units would remain in the peacetime force structure.²³

Finally, as comprehensive as both of these analyses are, they both understate the true cost of military personnel because they do not include the fully burdened cost to the U.S. government.²⁴ The Department has recognized a distinction between the cost of a contract and actual contract costs; said another way, the cost of doing business almost always exceeds the dollar figure stated on a contract. Some costs are predictable, such as government personnel performing contract oversight, quality assurance, and audit functions. Others are less obvious, and include items such as:

- Cost of operating in a non-permissive or uncertain environment, requiring the use of military personnel and equipment (as well as other contractors) to protect contractor personnel and convoys
- Cost of rapid reaction combined with general uncertainty, *e.g.*, short-term contract periods prevent contractors from leveraging economies of scale, investing in improved processes, and so on
- Cost of inappropriate property lease/buy decisions and downstream issues stemming from the purchase of nonstandard or incompatible equipment

²¹ Congressional Budget Office, *Logistics Support for Deployed Military Forces*, October 2005.

²² Department of Defense Instruction, *Estimating and Comparing the Full Costs of Civilian and Active Duty Military Manpower and Contract Support*, no. 7041.04, July 3, 2013.

²³ Congressional Budget Office, *Contractors' Support of U.S. Operations in Iraq*, August 2008.

²⁴ Reserve Forces Policy Board Report, *Eliminating Major Gaps in DoD Data on the Fully-Burdened and Life-Cycle Cost of Military Personnel*, December 12, 2012.

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

- Cost of government personnel performing additional contract administration, such as modifications, change orders, and extended contract closeout activities resulting from poorly defined requirements
- Cost of legal support needed for resolving contract disputes with the host nation or with the government, and in the worst case, litigation
- Costs incurred when contractors cannot be redirected quickly when requirements change
- Cost of inefficiencies when contractor personnel cannot be tasked to perform additional duties that are routinely done by military or government civilian personnel
- Costs to provide contractor personnel with life support, force protection, transportation, and other government furnished support

Given all of the above considerations, the task force believes that a well planned and managed OCS strategy for deployed contractor support is in the best interest of the government. It is more cost-effective and permits the more focused use of the military personnel on the key combat and support tasks for which they were trained.

Recommendations

The cost of the all-volunteer force is proving difficult to predict as it has matured over the past 40 years. The task force concluded that leveraging contractor support—as well as guard and reserve forces and a civilian expeditionary workforce—may more affordably provide the nation with the required total force. In many cases, contractors can ably support a surge during times of conflict, natural disaster, or other contingencies, and then downsize quickly once the conflict has ended.²⁵ Contractors' enhanced flexibility and quick deployment carry added cost benefits in that the Department requires a smaller military force and fewer civilian employees during peacetime. However, there is still a reluctance to accept this reality throughout the defense culture; top-down culture change is needed.

Recommendation 3

Secretary of Defense formally acknowledge contractors supporting deployed military operations as part of the total force structure, and establish the requirement for an organic capability to support short-term missions, as well as for contractor personnel with specialized skills unavailable in existing deployable personnel

Inappropriate functions for contracted support of deployed military operations should remain:

- Actions that determine or decide national and mission policy and objectives
- Actions that determine or decide the value to the nation and the dollar amount to be obligated
- Combat

²⁵ The task force also suggests considering sponsored reserves as part of the total force. These are a category of reserve forces in the British Armed Forces, created by the Reserve Forces Act 1996 in order to allow certain support tasks that must be carried out by service personnel in war time and other higher risk operations but can be carried out by civilians in peace time operations. These roles would be uneconomic to staff with military personnel, so having sponsored reserves prevents front line troops being pulled off operations to perform second or third line jobs. More details are available at time of press at http://en.wikipedia.org/wiki/Sponsored_Reserves

APPROPRIATE USE OF OPERATIONAL CONTRACT SUPPORT

Recommended Action 3a

Chairman of the Joint Chiefs of Staff, Military Departments, Under Secretary of Defense for Policy, Under Secretary of Defense for Personnel and Readiness and Under Secretary of Defense for Acquisition, Technology, and Logistics develop appropriate policies for operational contract support in all deployed military operations

This effort must include all elements of force structure—active duty, reserve forces, civil service, and contracted support. The significant policy implications and risk inherent in scaling operational contract support beyond initial operations plan timeframes (*i.e.*, for terms longer than 90 days) should require additional guidance and, in many cases, sign-off by the Secretary of Defense.

Recommended Action 3b

Combatant Commands and **Military Departments** should determine anticipated roles and criteria for the use of contracted support in planning each mission, and these anticipated roles should consider the anticipated length, complexity, scope, and urgency of each mission

The length of mission operations should be a guide, but should not be the only discriminator; most missions will use a hybrid approach. For example, missions with durations of less than two weeks can typically be supported solely by uniformed military personnel, while missions exceeding six months should use as much contractor support as needed.

INTEGRATION WITH PLANNING AND READINESS**4. Operational Contract Support Must be Integrated into Planning and Readiness**

*Plans are worthless, but planning is everything. There is a very great distinction because when you are planning for an emergency you must start with this one thing: the very definition of "emergency" is that it is unexpected, therefore it is not going to happen the way you are planning.*²⁶

*President Dwight D. Eisenhower
November 14, 1957*

The prerequisite for any successful military action is systematic preparation for the undertaking. Yet it is no exaggeration to state that recent campaigns in Iraq and Afghanistan will go down in history as enormous improvisations. Over the past decade of contingency operations, many difficult issues arose. These included, for example, the demand to field the Mine-Resistant Ambush Protected (MRAP) vehicle and the complex opportunities presented by unmanned aerial vehicles. In both of these instances, senior leadership took action and delivered the needed capabilities. During this same period, many opportunities arose to organize and field a fully integrated operational contract support capability for Combatant Commands and Military Departments. Senior leadership has not, in this case, taken the initiative to resource and establish the organizational structure necessary to fully integrate operational contract support into Combatant Command operations.

Notwithstanding the many lessons learned, studies, audits, investigations, and specific direction from Congress, the task force determined that operational contract support does not currently receive the comprehensive leadership attention commensurate with its importance to mission success. Time and again, commanders were reported to view contractors in their assigned region as “someone else’s responsibility.”

The task force recognizes that political policy may dictate that the U.S. military will not participate in future large and long-term stabilization operations. It concluded, however, that prudence dictates the Department should plan, exercise, and take ownership of this possibility.

Risk and Risk Management

While the use of contractors can provide for significant benefits to military operations, it poses equally significant operational and political risks along with the inevitable potential for fraud, waste, abuse, and mismanagement. Because of the significant amount of funding for contracted support and the utilization of multiple tiers of subcontractors, the risk of inefficient spending, waste, fraud, and abuse must be managed aggressively as a multifaceted risk.

Direct Risks Stemming from the Use of Contractors to Support Military Operations

Any contingency operation supported by contractors requires the ability to rapidly coordinate and synchronize services. Whether the contingency operation is a military action or a response to a natural disaster, there is an inherent level of complexity in being able to oversee, monitor, and assert control over contracted support flowing in from external support contracts and that being awarded within the

²⁶ *Public Papers of the Presidents of the United States, Dwight D. Eisenhower, 1957*, National Archives and Records Administration, Government Printing Office, p. 818.

INTEGRATION WITH PLANNING AND READINESS

operations area.²⁷ In a large contingency operation, this may involve hundreds of rapidly changing requiring activities, thousands of contracts, and many tiers of subcontractors. This challenge is further exacerbated when military personnel turn over two or three times per year in theater and their replacements must rapidly come up to speed.

In such a rapidly changing, complex, and non-permissive situation, the task force found that some waste occurs in simply “getting the job done.” However, the overall aura of improvisation, uncertainty, and lack of coordination and oversight also led to several alarming occurrences of duplicated efforts, fraud, and corruption.

From an operational perspective, the primary risk is contractor nonperformance. In a contingency operation, this means that U.S. forces will not have required goods or services when they are needed.

Contractor personnel in general have varying levels of experience and training, a factor especially important in physical security operations. They also run similar risks of injury and death as do military personnel. In Afghanistan, for example, there were nearly as many casualties of contractor personnel as of military personnel.²⁸ While casualties are inevitable, they also jeopardize mission success.

Indirect Risks Stemming from the Use of Contractors to Support Military Operations

Additional operational risks include a range of security vulnerabilities that must be addressed if the Department is to utilize contracted support of deployed military operations to its advantage.

A primary example from recent conflicts of an indirect risk is the subcontract awards made to unknown host-nation contractors and individuals that could indirectly provide funding to insurgent forces. In some conflicts and humanitarian relief efforts, an additional national objective arises to encourage nation building and sustainable reconstruction. In these cases, strategies to hire local workers and businesses may serve a larger purpose than achieving the military mission. Such policies, in addition to cost, can drive the mix of contractor personnel supporting the mission. In the Iraq and Afghanistan conflicts, less than 30 percent of contractor personnel were U.S. citizens, with the remainder split between local nationals and third-country nationals.²⁹ Hiring local nationals, however, does not guarantee their loyalty to the U.S. military or their adherence to the rule of law. Additional costs have been incurred with the need for biometrics to accurately identify employees without state-issued identification cards. Additional potential for fraud was also introduced when payments were made in cash because the banking system in-theater was lacking.

Another example is the opportunity for adversaries to infiltrate the contractor force, which can have a tremendous negative impact on the U.S. military mission and force well-being. In 2012, “green on blue” attacks perpetrated by adversaries who had gained insider status within the security system, primarily in the Afghanistan National Police, accounted for a growing percentage of coalition casualties in Afghanistan.³⁰ It is easy to see that, given the prevalence of local and third-country nationals

²⁷ Congressional Research Service, *Department of Defense's Use of Contractors to Support Military Operations: Background, Analysis, and Issues for Congress*, p. 19, May 17, 2013.

²⁸ S.L. Schooner and C.D. Swan, *Dead Contractors: The Un-examined Effect of Surrogates on the Public's Casualty Sensitivity*. *Journal of National Security Law & Policy*, 2012. Available at time of press at <http://ssrn.com/abstract=1826242>

²⁹ V.B. Grasso, *Defense Logistical Support Contracts in Iraq and Afghanistan: Issues for Congress*, Congressional Research Service, September 20, 2010.

³⁰ Department of Defense, *Afghans Must Prevent 'Green on Blue' Violence*, March 27, 2012. Available at <http://www.defense.gov/News/NewsArticle.aspx?ID=67699>

INTEGRATION WITH PLANNING AND READINESS

operating as contractors in close proximity to U.S. and allied forces, attacks by an infiltrated contractor force is a viable risk.

Finally, the task force learned that hiring third-country nationals presents the potential for trafficking in persons, defined as “the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.”³¹ The task force heard testimony describing this practice and expressing concerns over subcontractor hiring practices.

Whether it is fraud, corruption, or trafficking in persons, any activity that is against U.S. legal and ethical principles undermines the nation’s efforts in the eyes of both partners and adversaries. This is why it is imperative that the U.S. effectively manage the risks associated with the decision to use contracted support.

Managing and Mitigating Risk

DoD policy and doctrine has yet to fully address the management of risk associated with the decision to use contractors in support of deployed military operations. Current costing data and management techniques cannot adequately account for risk, sufficiency of risk management structures, and contingent liabilities. Some of the ways the Department has attempted to address these complex challenges include the following.

- The DoD prohibits contracting with the enemy, and allows access to contractor and subcontractor records.³² To gain real-time visibility into contractors’ performance, the Department has created a database that contains contractor past performance assessments. However, the data is limited and the current database needs substantial improvement to be effective.
- To minimize the risk of criminal groups or insurgents using U.S. contracts to fund their operations, U.S. Central Command established a pre-qualification cell in 2010. The analytical approach used in 2009 relied primarily on databases of criminal and terrorist information with prior U.S. experience, severely limiting the utility of the database. The Government Accountability Office reviewed the verification process in place as of June 2011 and highlighted several gaps in the process.³³ One gap in particular included not routinely qualifying contracts below a certain dollar threshold.
- To protect U.S. forces from infiltrator attacks, the U.S. military has enhanced its counterintelligence infrastructure in Afghanistan, appointed monitors (known as Guardian Angels) to provide additional security for troops working with Afghans. The Department has also implemented an eight-step qualification process for Afghan recruits and revised their training.
- The DoD and other federal agencies are evaluating changes to federal acquisition regulations to address trafficking in persons. This is in concert with a recent Executive Order expressly prohibiting Federal contractors, contractor employees, and subcontractors from any trafficking activities.³⁴ The Executive Order also provides for training to mitigate the potential for trafficking in persons.

³¹ Public Law 106-386, *Victims of Trafficking and Violence Protection Act*, October 28, 2000.

³² Department of Defense Memorandum 2012-00005, “Class Deviation-Prohibition on Contracting with the Enemy and Access to Contractor and Subcontractor Records in the U.S. Central Command Theater of Operations,” January 26, 2012. Available at time of press at <http://www.acq.osd.mil/dpap/policy/policyvault/USA000414-12-DPAP.pdf>

³³ Government Accountability Office, *Afghanistan: U.S. Efforts to Vet Non-U.S. Vendors Need Improvement*, GAO-11-355, June 8, 2011.

³⁴ Executive Order 13627, *Strengthening Protections Against Trafficking in Persons in Federal Contracts*, September 25, 2012.

INTEGRATION WITH PLANNING AND READINESS

These approaches, while all worthwhile, are insufficient because they are not comprehensive. The risks associated with OCS—both direct and indirect—can only be successfully mitigated when operational contract support is clearly supported with policy, doctrine, and procedures across all functional domains including logistics. This is not the case today. The task force heard, for example, that the Joint Staff intended to develop doctrine on operational contract support well before 2001, but these efforts were blocked by a lack of supporting defense policy.

Operational contract support must also be fully integrated into planning and exercises. Because contractor companies are not integrated into the plans and exercises today, it is uncertain that needed contractors will be ready and able to respond to the military's needs at the time it is needed. This is an unnecessary risk that can be easily mitigated.

Risk Management Processes

In major defense acquisition programs, the Department utilizes a risk management process to help ensure cost, schedule, and performance in the face of future uncertainties. Operational contract support of deployed operations is clearly in need of this type of risk management to mitigate future potential root causes and their consequences.³⁵ The type of crisis management observed in recent contingencies is the result of ineffective risk management and can be significantly reduced. Effective risk management considered well before the contingency has been demonstrated to mitigate consequences and optimize execution.

However, operational contract support is not generally viewed today by military commanders as an essential competency that requires mission-critical leadership. A commander is rarely focused on the contracted support component of the deployed mission. The task force found in example after example that effective management of risks and costs during strategy and planning could reduce the risk and cost exposure during execution.

The task force identified a three-phase risk management process needed to effectively manage operational contract support: 1) establish a comprehensive strategy, 2) plan adequately, and 3) execute with skilled managers. With effective management at the strategy and planning levels, it is clear that risk exposure can be reduced at the execution level.

Reducing risks within the comprehensive strategy element of operational contract support requires consistent policy and doctrine for the entire chain of command. An appropriate strategy will establish operational contract support as a mission-critical component that requires the commander's attention when assessing the total force mix for a given contingency. Such a strategy will outline the expected scope of contingency contract activity and guidelines for use of contractors during the mission operations. Operational contract support strategy will also clarify and provide for education of the military leaders down to the 05-06 level on the responsibilities associated with operational contract support. The strategy should determine ultimate levels of risk exposure that a particular mission will have in utilizing contractor support.

The planning element of risk management is most important once a mission is considered by a Combatant Command. When contracted support of deployed military forces is needed to accomplish the mission, those planning considerations must become an integral part of operational plans. Exercising, manning, and training for operational contract support in these plans will further reduce risk should contracted support be called upon for an actual contingency. Further, the use of readiness requirements will ensure that the planning is ready for execution.

³⁵ *Risk Management for DoD Acquisition* (Sixth Edition), (Version 1.0), August, 2001.

INTEGRATION WITH PLANNING AND READINESS

Risk management during the execution element enables a Commander to utilize the required contracted support precisely when it is needed to support mission accomplishment. To be effective, capabilities supporting requirements setting, contracting, financial management, oversight, and compliance activities must be ready for forward deployment.

Planning and Exercising

A well-planned and properly resourced enterprise-level scheme that provides operational contract support capabilities to warfighting commanders would give them greater flexibility and smarter options to accomplish their missions. With careful forethought and strong leadership, operational contract support could add significant warfighting value in cost, schedule, and performance from the strategic to the tactical levels. It can have positive effects across all warfighting functions, especially in sourcing urgent or emergent capabilities, movement and maneuver, command and control, sustainment, force protection, intelligence, and combat support. Conversely, a badly planned, inadequately resourced, marginally supported, fragmented, and poorly-executed operational contract support scheme is a limiting factor in mission accomplishment and a costly one in terms of mismanagement, waste, and potential fraud or other risks and illegal activities. The time required to deal with the resulting public reaction is yet another cost to consider.

Ten years after combat operations commenced in Iraq and almost 12 years after invading Afghanistan, operational contract support is still lacking comprehensive policy, doctrine, and procedures that are part of the Department's daily business and culture. Despite the enormous force multiplier potential, the dependency of mission success, the force structure implications, and the investment, cost, and risk issues for the Department, over one hundred substantive management issues are still being addressed.³⁶

With major overseas engagements ending soon, looming budget reductions, and certain force structure cuts in tail and perhaps in tooth as well, the past and current state of operational contract support may foreshadow the future unless decisive action is taken to complete the institutionalization of operational contract support across DOTMLPF-P. Operational contract support leadership lies at the heart of this.

The task force heard from a number of former Joint Force commanders who related that they contracted everything possible. Commands determined on the ground what tasks must be done only by the U.S. military and civilians and then contracted out the rest. This practice resulted in years of chaos because these decisions were made during Phases 2/3/4/5 of the conflict rather than during development and refinement of operational plans or even during Phases 0/1.

It is understandable that not everything can be anticipated and planned out ahead of time. However, one warfighting function can be planned far more than any other—sustainment and logistics. In Iraq, about 80 percent of these functions were provided by contractor support. These contractor personnel made up more than 50 percent of the total force and clearly contributed in many substantive ways to the mission. Their presence, however, also led to significant and sustained issues with contract management and execution, complex chains of command, misalignment of responsibility, authority, accountability, Joint processes and procedures, contracting officer training, supported commander education, and many other areas.

³⁶ Department of Defense, *OCS Action Plan for FY 2013-2016*, April 2013.

INTEGRATION WITH PLANNING AND READINESS

Today, all Joint organizations have stated requirements for operational contract support for their respective warfighting functions. These requirements are included in concept plans and operational plans, and are detailed in Annex D (logistics) and Annex W (OCS) and to some extent in other functional annexes to these plans. The J4 is the lead for the preparation and review of logistics and OCS-related planning, as well as for associated assessments and exercises. At the operational level, however, there is no clear understanding of who is in charge of planning and execution for operational contract support, and appropriate requirements have not been adequately integrated into planning.

Operational contract support is not seriously addressed in exercises and training. Only a few exercises have begun to incorporate operational contract support, and the task force found little evidence of participation in exercises by the contractor industrial base or by government organizations such as DCMA or the ECC. Contractors should also be consulted in ways that are allowed by acquisition regulations during planning phases.

Readiness

Readiness is defined as the capability of the U.S. military to carry out the National Security Strategy, Defense Planning Guidance, and the National Military Strategy.³⁷ Readiness as assessed today goes well beyond a narrow accounting of resources and training status and looks at capability in the context of assigned missions. The DRRS includes an assessment of any organization in the U.S. military and allows the user to easily compare readiness status. It can, for example, identify personnel with foreign language or specific regional experience within the Department of Defense. It can also assess mission risk and respond to deficiencies.

Readiness will also include adequate planning and exercising to ensure all of these capabilities can be called on at the appropriate time. A wide range of missions must be kept in mind, with the caveat that one size does not fit all.

Determining the appropriate role for effective operational contract support in a readiness context, therefore, is far more than simply a cost and benefit analysis. It involves incorporating operational contract support requirements into all aspects of doctrine and operational planning. Personnel issues, from training and exercising to deployment cycles, must also be considered.

Perhaps most important is coordination among the many organizations involved in a contingency operation. Clearly, each organization doesn't need its own living, eating, communication, and recreation facilities; these facilities are commonly provided for use by all tenant activities on a forward-operating base and typically constructed by contractors. Finally, contractor personnel need the same housing, food, transportation, and physical security that military personnel do, and these needs must be considered as part of any operational plan.

There are two Combatant Commands—the U.S. Africa Command and U.S. Southern Command—that currently report OCS readiness in DRRS to some extent. In both cases, they assess OCS planning and the integration of OCS but do not address either readiness to contract or readiness of the contractor base. The Joint Staff is finalizing a guide that will facilitate more complete and common assessments across all Combatant Commands. The current structure of the Joint task lists provides a basic framework for the Combatant Commands to build their Joint mission-essential task lists (METLs) and the Military Departments and Agencies to build their supporting lists to measure OCS readiness. The task force is encouraged that this structure continues to evolve.

³⁷ U.S. Code Title 10, Section 117, *Readiness Reporting System*.

INTEGRATION WITH PLANNING AND READINESS**Implementing Policy and Doctrine**

In January 2011, Secretary of Defense Robert Gates directed the Department to plan for the use of operational contract support and a civilian expeditionary workforce in contingency operations.³⁸ Particular emphasis was placed on determining the proper force mix for military personnel, defense civilian personnel, and contractor personnel.

However, owing to inconsistent management and generally low priority across the Combatant Commands, operational contract support has neither been embraced nor effectively utilized today, and is only included in about half of all operational plans. To be effective, OCS must be a part of planning from Phase 0 (shape) through Phase 5 (enable civilian authority).

At the strategic level, it appears that leaders within the Office of the Secretary of Defense, the Joint Chiefs of Staff, and the Military Departments have not held key leaders accountable for detailed planning of operational contract support. Combatant commanders on their own are not duty-bound to address operational contract support issues; it will never be ranked higher than their top 10 or 20 priorities.³⁹ Moreover, they are not held accountable by the Secretary of Defense for doing so. Currently, accountability, outcomes, and consequences are only realized as a result of audits, investigations, and media stories rather than as a result of a deliberate chain of responsibility for OCS readiness and outcomes that flows to the tactical level, where contracted support is provided to deployed military forces.

The incremental directives and instructions resulting from studies, audits, lessons learned, and Congressional language have resulted in a patchwork of fixes, which collectively has demonstrated good faith and effort but clearly has not delivered a fully functional and badly needed operational contract support “combat multiplier” for the Combatant Commands.

As demonstrated in every major contingency since 1990, and magnified in the case of Iraq and Afghanistan, mission success is heavily dependent on operational contract support. While contract management in the Department of Defense has been identified as a high risk area for decades, operational contract support did not appear in strategic documents until mid-2011, when it was included in the *Guidance for the Employment of the Force*. There is no mention of operational contract support in the *Capstone Concept for Joint Operations: Joint Force 2020*, dated September 10, 2012, and there is no evidence that any Combatant Command has identified operational contract support in their Integrated Priority Lists (IPLs).

Recommendations

The OCS action plan addresses major actions assigned to Defense offices and agencies, the Joint Staff, and the Military Departments to optimize and institutionalize operational contract support.⁴⁰ Despite this accomplishment, this action plan remains a set of patchwork fixes focused primarily on logistics without comprehensive support through the chain of command. The sense of the task force is that operational contract support will not be seriously addressed and made well until it is recognized as critical component of planning, readiness, and execution.

³⁸ Secretary of Defense Memorandum, *Strategic and Operational Planning for Operational Contract Support and Workforce Mix*, January 24, 2011.

³⁹ General David Petraeus, USA (ret), Discussion with the Task Force, 11 October 2012.

⁴⁰ Department of Defense, *OCS Action Plan for FY 2013-2016*, April 2013.

INTEGRATION WITH PLANNING AND READINESS

Recommendation 4**Combatant Commands, with support from the Military Departments, adequately resource capabilities for planning, exercising, and management of operational contract support**

This comprehensive planning function should determine the required level of support services and equipment to ensure mission success and to integrate operational contract support into all operational plans. Planners should incorporate all combat functional requirements into the appropriate functional annexes (*e.g.*, logistics, communications, intelligence, operations, force protection, weapons system support, and so on), and these should be cross-referenced to Annex W of the operational plan. The complexity of this task warrants additional resources.

Recommended Action 4a**Combatant Commands and Military Departments vigorously and realistically test operational contract support in all phases of all exercises**

To accomplish this, representatives of actual contractor companies from the existing industrial base providing support services to deployed military forces should be integrated into all contingency war games and exercises. Equally important is including representatives from the agencies responsible for mobilizing and managing such contracted support, such as the Defense Logistics Agency, the U.S. Transportation Command, the Defense Contract Management Agency, and finance detachment pay agents. Each should perform their roles in exercises with similar realism and timing of actual operations.

Recommendation 5**Each Combatant Command integrate operational contract support requirements into their Defense Readiness Reporting System (DRRS)**

The Chairman of the Joint Chiefs of Staff should develop a means to identify and measure readiness of OCS elements and develop standards for planning readiness and the readiness of the defense contractor base in addition to those for combat readiness. This should include determining metrics that can help to identify and mitigate root causes of past problems with OCS to include documenting the reliability of the local industrial base, training and skills of contractor personnel, how third country national personnel are recruited, the ability to vet and pre-qualify second and lower tier contractors, and other factors.

Recommendation 6**Under Secretary of Defense for Acquisition, Technology, and Logistics and Chairman of the Joint Chiefs of Staff, with support of Under Secretary of Defense for Policy and Under Secretary of Defense for Personnel and Readiness, develop policy, doctrine, tactics, techniques, and procedures to effectively manage and mitigate risk in using contracted support to conduct military missions that could damage U.S. interests and impact mission performance**

This risk management process should begin with the identification and documentation of potential operational contract support risk factors that could undermine missions and readiness. The Joint Staff should analyze past experience with contracted support of deployed military operations to understand the root causes of identified risks that have already been experienced or are anticipated.

INTEGRATION WITH PLANNING AND READINESS

Such risks may include opportunistic fraud, inadvertent funding of adversary actions, lack of transparency into subcontractor levels, too many subcontractor levels, and trafficking in persons. An important aspect of this is to incorporate predeployment qualification of likely contractor entities and to monitor and mitigate the risks associated with the use of foreign subcontractors and local and third country national personnel. As well, the training of contracting officers, representatives, and commanders before they deploy to a mission should include strong ethics training with emphasis on understanding local practices and customs and the consequences of contract fraud. To ensure effectiveness of these tactics, the Joint Staff should track, assess, and report on risk mitigation successes.

MANAGING CONTINGENCY CONTRACTS

5. Contracted Support of Deployed Operations Must be Managed Effectively and Efficiently

The Department of Defense leverages contracted capabilities to support a broad range of contingencies, from combat operations and disaster relief to stability, security, and reconstruction missions.⁴¹ The highest reliance on contractors has been during large-scale, longer-term overseas contingency and stability operations. Key factors in this reliance were the desire to limit boots on the ground, as well as to preserve planned troop rotations, dwell time, and quality of life for military personnel during these operations.

Although future contingency operations may differ from those of the past decade, the task force expects, and more than 240 years of history confirms, that contractors will continue to play a central role in military operations.⁴² In order to meet the challenges of future operations, the Department should be prepared to effectively define, award, and manage contracts at a moment's notice, anywhere in the world, in unknown environments, and on a very large scale.⁴³

In 2011, Secretary Gates emphasized the significance of operational contract support as an emergent capability, stating that “the time is now—while the lessons learned are fresh from recent operations—to institutionalize the cultural change in how we view, account, and plan for contracted support in a contingency environment.”⁴⁴

Enabling Integration, Synchronization, and Deconfliction

The task force found that management of contingency contracts for current contingency operations is fragmented, inconsistent, and ineffective in many areas and has led to enormous inefficiencies. Although many new organizations and processes have been implemented since 2005 to address these shortfalls, too many remain.

Requirements

In general, units in theater have little or no experience with contracting and thus have great difficulty in developing adequate requirements packages.⁴⁵ As such, many contracts have poorly defined work statements, and multiple contracts may overlap in the same area as a result of the lack of

⁴¹ In accordance with 10 U.S. Code 101(a)(13), the term “contingency operation” means a military operation that “(A) is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or (B) results in the call or order to, or retention on, active duty of members of the uniformed Services under section 688, 12301(a), 12302, 12304, 12304a, 12305, or 12406 of this title, chapter 15 of this title, section 712 of title 14, or any other provision of law during a war or during a national emergency declared by the President or Congress.”

⁴² Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012, p. 1, 4-7, and further notes that “forces will no longer be sized to perform long-term, prolonged stability operations,” p. 6.

⁴³ Congressional Research Service, *Department of Defense’s Use of Contractors to Support Military Operations: Background, Analysis, and Issues for Congress*, May 17, 2013, p. 1.

⁴⁴ Secretary of Defense Memorandum, *Strategic and Operational Planning for Operational Contract Support and Workforce Mix*, Jan 24, 2011, p. 4.

⁴⁵ Much of the requirements development and contracting oversight at permanent U.S. Army bases is carried out in the Installation Management Command (IMCOM), an entity with no deployable elements.

MANAGING CONTINGENCY CONTRACTS

synchronization, integration, and deconfliction. In general, contingency contracting involves reacting in real time to changes in the field environment and adjusting contracts to support field conditions. It is for this very reason that the best preplanning and talent needs to be available to OCS. Contracting in a contingency operation by its very nature is much more *ad hoc*, rapid, and complex than contracting for similar work in a benign stateside environment.

Deployed military units often lack the basic knowledge and skills to generate detailed statements of work or performance work statements that meet the basic requirements of their units. Many do not ever deal with contractors in their stateside training and operations and must learn on the fly when deployed. They often become responsible for contracted services that have no relation to their occupational specialties, for example, artillerymen overseeing base operations.

Further, the current contingency environment does not encourage collaborative relationships between the military and its contractors. Contractors are rarely involved in Combatant Command planning or exercises—so the planners can never get the benefit of their good ideas to gain efficiencies. Finally, poorly designed contract award-fee incentives that seem ideal when writing requirements can, for example, reward only perfect performance and thereby preclude good performance and cost reduction.

Execution

During OIF and OEF, responsive modification of contingency contracts has been and remains difficult, contributing to an environment conducive to disputes and potential litigation years later. Quality assurance and quality control in-theater was reported to be generally ineffective. More importantly, this situation meant that in many cases, the commander's intent was not met efficiently and that mission success was affected.

Many different issues contribute to this. The primary issue is lack of formally designated responsibility for either the overall process or the people involved. None of the Military Departments are formally designated in Department policy with responsibility (geographic or otherwise) for executing Joint contingency contracting. During OIF and OEF, a general lack of planning upfront and lack of requiring accountable personnel who could properly articulate their requirements resulted in poorly written performance work statements. This, along with the rapid rate of growth of the mission and number of performance sites, drove a plethora of change orders and letters of technical direction. The Army's LOGCAP contracts have been emblematic of the problems. Many of these change orders have been challenged by the Defense Contract Audit Agency years later due to lack of documentation of both the delivery of goods and the receipt of services. This delay makes it difficult to differentiate between a contractor trying to be responsive to warfighters in a rapidly changing environment and that same contractor taking advantage of the chaos. It is likely both situations occurred and both resulted in costs that were higher than originally planned.

Quality assurance efforts conducted by individual augmentees—both military and civilian—in deployed operations is understandably problematic. As a general rule, and as implemented in Federal Acquisition Regulations into federal contracts, contractors are responsible for ensuring the quality of goods and services tendered to the government for acceptance through quality control measures. Quality assurance measures can range from simple acceptance inspections conducted by a government receipt inspector for commercial-off-the-shelf items or commodities, like gravel, to complex measures and tests conducted by a government quality assurance team. In large contingency operations, the teams required to oversee the government's contract quality assurance efforts have been assembled from *ad hoc* groups of personnel taken from the Military Departments and DCMA and sourced as

MANAGING CONTINGENCY CONTRACTS

temporary duty personnel or through Joint manning documents. During OIF and OEF, Commanders often did not understand, appreciate, or even support requests to designate their personnel as CORs on contracts that supported their units. These personnel often had little understanding or experience with contractors and usually could devote little time to this effort as one of many additional duties. Given rapid turnover of deployed military units and the associated personnel acting as CORs and their importance as the on-site member of the quality assurance team, the government instilled an institutional disadvantage that sub-optimized its ability to ensure the contractor delivered the goods or services it had paid for.

Some have suggested that DCMA take the lead in managing all contracts in contingency operations. While DCMA plays a major role, DCMA contract management training is largely focused on hardware acceptance rather than management of on-going contract services. The doctrinal mission of DCMA has been to provide contingency contract administration services; however, the agency was understaffed to administer large and sustained contingency operations. DCMA had almost 26,000 personnel in 1990 but less than 8,500 in 2013. Today, approximately 40 percent of DCMA's contingency manning in theater is sourced from the Military Departments.

DCMA has supported an effort in Joint doctrine for both DCMA and the Military Departments to deploy individual augmentees to support a senior contracting official in a contingency operation rather than deploying a separate DCMA contract management unit.

Coordination

There is a clear requirement for a rapidly deployed contracting capability to arrive in-theater before or with the first deployment of warfighters. Commanders need a rapid contracting unit as soon as troops arrive in-theater. A key requirement is that this capability must be Joint—the current ECC has not been tasked nor funded to be as helpful as is needed in Joint operations.

Visibility of all contracts reduces overlapping contracts and saves major funding. There is a desperate need for one belly button in-theater for synchronization, unity of effort, and ability to achieve efficiencies. The JFC needs to be able to assert a level of control over contracts delivering supplies and services in the Joint operations area. A number of mechanisms have been developed to provide this authority, such as establishing Joint logistics or review boards, and implementing requirements for theater business clearances (TBCs). TBCs were designed and are implemented today in active contingencies to approve proposed contracts and the associated contractor personnel originating outside the Joint operations area. Unfortunately, these have not been used effectively, likely because they were not included in planning or exercising. Further, it is not likely that review boards or committees will solve these management problems without clear mandates from DoD leadership for specified outcomes and a management line authority to support execution.

More than 50 percent of the contract funding in Afghanistan is on external support contracts that are awarded in the U.S. and executed in-theater. The variation in sources of government contracts is compounded by time and distance, making it difficult for the field commander to have visibility of or attain a level of control over these efforts. In environments with rapidly unfolding operations, multiple agencies, and coalition partners, it remains a monumental task.

Contracting Officer's Representatives

In contingency operations, CORs have typically been military personnel from requiring and user activities deployed to the area who are assigned responsibilities on one or more contracts as an additional duty. Some of the most surprising findings of the task force were that CORs in-theater had

MANAGING CONTINGENCY CONTRACTS

little training and little or no experience in contract management. In addition to poor training, CORs in-theater did not always have access to work statements and other contract management resources, and many did not have a basic understanding of the resources they needed to do their job as a COR. Both pre- and post-deployment management, training, and support of CORs in-theater are problematic. Most administrative contracting officers (ACOs) that deployed were reported to the task force as experts in weapons systems contracts, without adequate training or experience in the administration of services contracts.

The COR duties and their importance are generally undervalued by their Commanders. Moreover, CORs are often overloaded with multiple contracts to oversee as additional duty assignments.⁴⁶ Many CORs are also lacking in experience or subject matter expertise. For example, a COR for a \$250 million fuel contract in Afghanistan was an Army Chief Warrant Officer 2 lacking any fuel experience.

The contracting officer appointing the COR may or may not be physically located in the area where the contract is executed. Due to force protection issues, there may be little to no actual on-scene oversight of the COR's performance by the contracting officer, nor can the COR readily consult them. The task force heard from several Army personnel who had acted as CORs, and all related some level of communications difficulties in reaching out to contracting officers and expressed frustration with the contracting officers' responses to problems with contractor performance. Some CORs even reported difficulty gaining access to the statements of work for contracts they were asked to oversee. Rotations have also been a factor as administrative contracting officers and CORs both frequently turn over. This provides little stability to contract management discipline and provides the longer-standing contractors an advantage in experience and strategy in dealing with the government. Ultimately, the ACO is responsible for overseeing the performance of and setting expectations for the COR in carrying out assigned duties.

There are no planning factors for determining CORs as part of the operational planning process nor does the Department of Defense or any of its components manage CORs as a distinct workforce. The individuals trained to perform this function at U.S. Army bases do not deploy with combat units. The Department is in the process of refining rudimentary planning tools to determine the extent of contracted requirements needed to support a particular set of organic forces. However, it will be some time before this planning can be conducted with reasonable fidelity. Currently, contracting officers determine the number of CORs needed for each contract requirement based on individual judgment.

This in-theater oversight requires preplanning, exercising, and preparation, such that when the mission requires this agility and flexibility, it is ready. Moreover, we must hold operational commanders responsible and accountable for achieving economy of effort and efficiency in the use of the contracted support to ensure the government receives what it paid for, to protect the interest of our taxpayers, and to extend the use of our scarce resources.

Roles and Missions of Today's Expeditionary Contracting Command

The ECC provides contracting support to Army commanders and other Department organizations when required across the full spectrum of military operations at locations around the globe. The ECC supports soldiers and their families stationed overseas through the execution of installation contracting support for U.S. Army garrisons overseas. Its professional workforce, comprised of soldiers, civilians,

⁴⁶ N.M. Huff and P.L. Warren, *Contracting Officer Workload and Contractual Terms: Theory and Evidence*, Naval Postgraduate School, NPS-CM-184, 2012.

MANAGING CONTINGENCY CONTRACTS

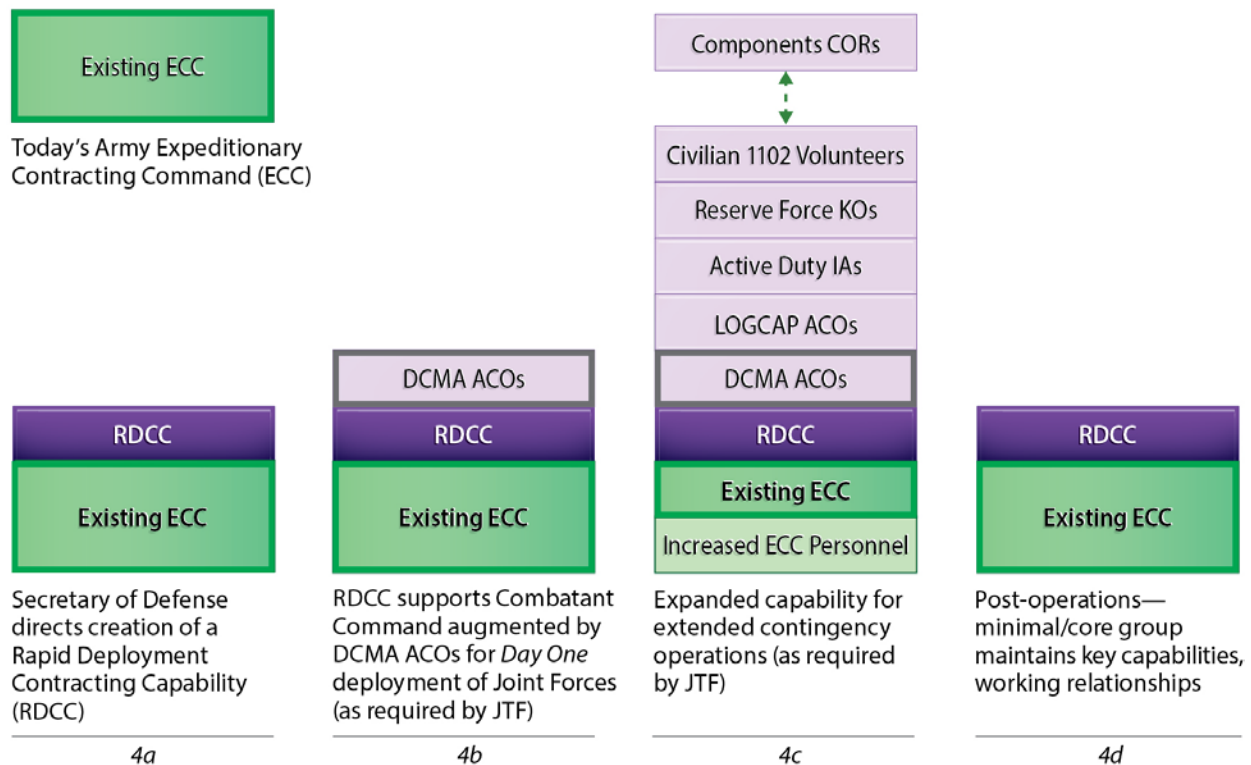


Figure 4 Recommended evolution of theater contracting support via a Rapid Deployment Contracting Capability (RDCC)

foreign local nationals, and contractors, acquires equipment, supplies, and services to support both missions and daily needs.

A combat multiplier, this unique command has the capability to deploy anywhere in the world on short notice to provide operational commanders with contract support planning, contract policy and oversight, contract execution, contract administration, and contractor surveillance in support of deployed forces. When designated by the Combatant Commander, the ECC can establish a Joint Theater Support Contracting Command (JTSCC) with the authority to function as the head of the contracting activity and provide contracting guidance and acquisitions solutions.

Recommendations

The main recommendation of the task force to improve contracting and contract management is that the ECC create, resource, and train the Rapid Deployment Contracting Capability (RDCC) with qualified contracting professionals with expertise in functional areas such as logistics, engineering, and construction. This organization would deploy as the sole lead military contracting activity supporting Joint action as requested by a Combatant Command. The likely evolution of the RDCC in theater is depicted in Figure 4.

Starting in Figure 4a, the task force proposes the creation during peacetime of a small and sustainable organization called the RDCC. As shown in 4b, the RDCC would be able to support a Joint

MANAGING CONTINGENCY CONTRACTS

Task Force (JTF) on Day 1 of a military action with responsive, professional contracting services. If the action grows beyond the scope of the cell, the capacity of the RDCC can be expanded—as shown in 4c—by coordinating contract management personnel from other organizations. Finally, at the end of this effort, the organization would shrink again to the original small cell, shown in 4d.

From the beginning of any peacetime or contingency activity, a primary responsibility of the RDCC would be to synchronize, integrate, and optimize OCS. This would include maintaining visibility of all internally and externally awarded contingency contracts—with a goal of preventing overlapping contracts, achieving economic order quantities, ensuring proper contract administration, and eliminating unnecessary expenditure of funds. In doing so, the RDCC would develop theater-specific guidelines for contingency contracts, tailored to the complexity and risk in their area of responsibility.

A knowledgeable and cohesive RDCC staff would ensure timely in-theater change order processes. An additional responsibility would be to ensure deploying contracting officers and contracting officer representatives receive adequate training, support, and in-theater access to contract management resources. They would also oversee contract types to ensure they are appropriate to incentivize desired outcomes according to appropriate metrics.

During peacetime, the RDCC would exist as a small organization with a focus on planning, exercising, and documenting lessons learned. When mobilized, the organization would be augmented as required. The Military Departments, the Defense Contract Management Agency, and the Defense Finance and Accounting Services will be responsible for augmenting this capability with additional contracting, contract management, financial management, and personnel from other functional areas when contingency contracting requirements grow beyond the capability of the cell to handle. Resources will be drawn from DCMA contract administration support teams, ACOs and logistics support officers affiliated with LOGCAP, active duty IAs, component contracting officer representatives, Reserve Forces, contracting officers, or civilian contract specialists.

This recommendation reflects the organization described in the 2007 Gansler Commission report. As discussed by the commission, an underlying but tremendously important benefit of this type of dedicated contracting cell would be to ensure a collaborative relationship between the government and contractor is the rule rather than the exception.

Recommendation 7

Secretary of the Army ensure an enduring, rapid deployment contracting capability is available that effectively supports the Army and acts as a Joint Force capability in contingency operations

This permanent capability should be tightly integrated with OCS planners in each Combatant Command and other Military Departments, and should be prepared to respond to Combatant Command requests as the designated Military Department supporting OCS in all Joint operations. It must include program management, contracting, and other functional expertise that gives the Combatant Commander the ability to integrate, synchronize, and deconflict OCS during contingency operations. An appropriate institution for this capability currently exists in the Expeditionary Contracting Command (ECC).

Recommended Action 7a

Under Secretary of Defense for Acquisition, Technology, and Logistics transfer the current function and related resources of the Joint Contingency Acquisition Support Office (JCASO) to provide strategic and

MANAGING CONTINGENCY CONTRACTS

operational synchronization, integration, and optimization of OCS during peacetime and contingency operations from the current position in the Defense Logistics Agency (DLA) to the Army's Expeditionary Contracting Command (ECC) as part of the proposed Rapid Deployment Contracting Capability (RDCC).

Recommended Action 7b

Under Secretary of Defense for Acquisition, Technology, and Logistics transfer permanently the current function and related resources of JCASO's OCS planners from DLA to the Combatant Commands.

AUDITING CONTINGENCY CONTRACTS

6. Auditing of Contingency Contracts is Critical

Contract audits are a time-tested and necessary tool for effective contract management. Combatant Commanders consistently find in-theater audits to be very helpful, and reported that timely contract audits led to valuable corrective actions in future contracts.

Today, however, contract audits are conducted four to six years after contract activities are completed. This negatively impacts the Department's ability to learn and improve, and even to conduct, future operational contract support. Late audits cost more and require more auditors, putting the system even further behind. When audits are conducted years after contract actions have been completed, both contractor and government personnel are usually in new assignments, making it difficult to reconstruct facts.

Audit trends in DCAA are discouraging. While the dollar value of contracts has gone up dramatically in the past decade, the number of auditors has decreased. The task force believes that adding more auditors is not the answer. Instead, the Department must be smarter about how to effectively audit support contracts.

Approaches

To address the current backlog, Defense audit agencies may choose to use contracted support to conduct audits. While the task force found that the government is solely responsible for determining audit policies and scope, the research and analysis that must be part of any formal audit can be carried out by contractor personnel.

Whether or not commercial accounting firms are used, the models used by private companies to conduct timely audits to comply with federal requirements should be considered. In these practices, detailed audits are targeted to the high risk areas and not every item is audited.

Approaches to avoid litigation are also helpful, such as identifying early opportunities for alternative dispute resolution.

Recommendations

After-the-fact or field audits cannot make up for lack of effective OCS planning, structure, and oversight. Audits should be part of the solution, but can not be the entire solution for effective management.

Recommendation 8

Secretary of Defense ensure all Department of Defense audit agencies establish appropriate mechanisms and have adequate resources to meet audit demands in both peacetime and during large contingency operations

Recommended Action 8a

By Fiscal Year 2016, the **Secretary of Defense** require all **Department of Defense audit agencies** to eliminate the current audit backlog and ensure audits of contingency contracts are completed within two years of contract completion

The task force recognizes that the massive current backlog can be attributed to the dramatic growth in contingency contracting. The task force also recognizes the important role of timely in-theater

AUDITING CONTINGENCY CONTRACTS

audits. To get back on track, contingency contracts prior to 2011 should be analyzed and then audited only on a high-risk basis. The task force also strongly recommends outsourcing the necessary data gathering for older contracts and moving current contracts up in the queue with a goal to complete current audits while they are relevant. Private sector risk-based audit practices can be a useful guide in this catch-up process, such as prioritizing audits based on the significance and risks of the contract.

Recommended Action 8b

To ensure timely resolution and mitigate potential damage caused by future audit backlogs, **major contingency contracting offices in the Military Departments** that award large logistics service contracts such as the Logistics Civil Augmentation Program (LOGCAP) should more aggressively utilize alternative dispute resolution processes well before contract activities cease to resolve issues and prevent litigation

Recommended Action 8c

To prevent future delays related to audits, the **Defense Contract Audit Agency and Military Department Audit Agencies** should identify and address the root causes that delay their audits, develop strategies to handle surge requirements, and adopt risk profiling and selection processes that are used by private sector companies to prioritize these efforts

APPENDICES

APPENDIX A: Operational Phases

Phase 0: Shape the Environment

Shape phase missions are designed to dissuade or deter adversaries and assure multinational partners, as well as to set conditions for the contingency, and are generally conducted through security cooperation activities. Significant OCS-related Phase 0 actions include contracted support-related Joint intelligence preparation of the operational environment information gathering efforts, deliberate planning, and support to security cooperation activities. Contract support to security cooperation activities are generally characterized by low-dollar, short-term, locally awarded contracts executed in accordance with peacetime contracting procedures. OCS security cooperation actions support deliberate OCS planning actions by providing U.S. forces experience and knowledge of the local commercial vendor base and general business climate.

Phase 1: Deter

This phase is characterized by preparatory actions that indicate the intent to execute subsequent phases of the operation. This phase includes OCS actions in support of deterrence activities, such as major special operations forces actions, but contracting support is often limited due to fiscal constraints, lack of emergency procurement authority flexibilities (per FAR Part 18.001), and the urgent nature of deterrence actions. In some operations where there is a strong likelihood of follow-on military actions, contracted support may be utilized to establish specific sustainment capabilities, such as a staging base for enabling Joint operations in the dominate and follow-on phases, should deterrence fail.

Phase 2: Seize the Initiative

Phase 2 actions are focused on applying force to gain access to the operational area and expand friendly freedom of action. Military actions during this time period are characterized by an extremely high operating tempo and freedom of action of maneuvering forces and their supporting organizations. Theater support contracting tasks during the seize initiative phase are characterized by quick, simple, micro-purchase level contracts intended to augment organic military support of early deploying units. Maximum use of existing “peacetime” contracting command, support, and contracting authority arrangements should be considered. Additionally, Civil Augmentation Program (CAP) support may also be executed in support of Joint reception, staging, onward movement and integration as well as other traditional rear area actions. To enable prompt contract support actions, the supported Combatant Command should ensure theater support contracting and CAP management organizations are deployed as part of the advanced echelon. Additionally, limited numbers of mission-essential systems support-related CAAF may deploy during Phase 2 operations.

Phase 3: Dominate the Enemy

This phase focuses on breaking the enemy’s will to resist or, in noncombat situations, to control the operational environment. During the dominate phase, contracting personnel (military and civilian) and CAAF will continue to arrive, though not necessarily at a rate commensurate with the number of troops to be supported. In major operations, a mix of theater support and external support contracts may be utilized. Theater support contracting efforts will focus on satisfying major forces support requirements that are not covered by CAP task orders or other means of support. During the dominate phase, deployed Military Department component contingency contracting teams will normally operate

APPENDICES

in direct support of their habitually supported units with effectiveness and responsiveness being paramount. Coordination of common contract support will be generally limited to major contract actions in support of operational level logistics and selected other support requirements. Increased numbers of mission essential systems support-related CAAF deploy and provide direct support to newly fielded weapon systems.

Phase 4: Stabilize

The stabilize phase is typically characterized by a shift in focus from sustained combat operations to stability operations. As decisive combat actions come to a close, theater support contracting organizations may be consolidated and transitioned to a general support arrangement, possibly under direct Joint command and control. At the same time, the JFC's OCS effort will expand from forces' support requirements to non-forces' support, such as security force assistance actions and emergency support to the reconstruction of local civil infrastructure. During this transition, the Commander will generally expand and formalize the requirements review, validation, and approval process. During the stabilize phase, the number of contracts will often increase and become more complex and costly; therefore, a planned and well-executed programmatic, systems approach to OCS actions is imperative. During Phase 4, increased use of external support contracts for services such as staff augmentation and security force assistance tasks can be expected. Additionally, the systems support contract effort may include significant new equipment fielding and existing equipment modification actions. Because of the complexity and importance of contracted actions in Phase 4, the JFC must also have a detailed OCS plan for ensuring contract support actions are fully coordinated between multinational and interagency partners, have a synchronized acquisition strategy, and are overall supportive of the civil-military aspects of the operation or campaign plan. During this phase of the operation, the supporting contracting organizations should consider moving away from cost-type contracts to lower cost-fixed price contracts if operational conditions support such a transition. Additionally, the JFC, supporting components, and their supporting contracting agencies need to be working closely together on Phase 4/5 transition planning.

Phase 5: Enable Civil Authorities

This phase of the operation is predominantly characterized by Joint Force support to legitimate civil governance. During Phase 5, the JFC normally applies significantly more stringent controls on new requirements not directly related to the drawdown of forces from the operational area. Typical Phase 5-related requirements include packing, crating, and freight services; commercial transportation of military equipment; construction and operation of wash racks for vehicles; and environmental cleanup. During the enable civil authority phase, additional focus should be applied to the synchronization of the draw down of military and contractor equipment and personnel and contract termination or closeout. To the extent any contract support capabilities need to remain in place at end of an operation, arrangements should be made to transition pertinent contract support to the applicable successor organizations.

APPENDICES

APPENDIX B: Previous Studies Relevant to Operational Contract Support

Congressional Budget Office, *Logistics Support for Deployed Military Forces*, 2005.

Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Expeditionary Contracting*, 2007.

Chairman of the Joint Chiefs of Staff, *Dependence on Contractor Support in Contingency Operations Task Force, Phase I: Security Force Training*, 2009.

Chairman of the Joint Chiefs of Staff, *Dependence on Contractor Support in Contingency Operations Task Force, Phase II: An Evaluation of the Range and Depth of Service Contract Capabilities in Iraq*, 2010.

Deborah L. Doyle, *Task Force: United States Forces-Afghanistan, "Lessons Learned,"* 2010.

Defense Science Board, *Improvements to Services Contracting*, 2011.

Chairman of the Joint Chiefs of Staff, *Dependence on Contractor Support in Contingency Operations Task Force, Phase III: Improved Planning for Contractors in Contingency Operations*, 2011.

Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling Costs, Reducing Risks*, 2011.

Government Accountability Office, *Afghanistan: U.S. Efforts to Vet Non-U.S. Vendors Need Improvement*, GAO-11-355, 2011.

Office of Inspector General, *Contingency Contracting: A Framework for Reform 2012 Update*, DODIG-2012-134, 2012.

Government Accountability Office, *Contingency Contracting: Agency Actions to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan*, GAO-12-854R, 2012.

Government Accountability Office, *Operational Contract Support: Sustained DoD Leadership Needed to Better Prepare for Future Contingencies*, GAO-12-1026T, 2012.

Government Accountability Office, *Warfighter Support: DoD Needs Additional Steps to Fully Integrate Operational Contract Support into Contingency Planning*, GAO-13-212, February 8, 2013.

Government Accountability Office, *Defense Contracting: DoD Initiative to Address Audit Backlog Shows Promise, but Additional Management Attention Needed to Close Aging Contracts*, GAO-13-131, December 18, 2012.

Office of Inspector General, *Inadequate Contract Oversight of Military Construction Projects in Afghanistan Resulted in Increased Hazards to Life and Safety of Coalition Forces*, no. DODIG-2013-052, 2013.

Government Accountability Office, *Warfighter Support: DoD Needs Additional Steps to Fully Integrate*

APPENDICES

Operational Contract Support into Contingency Planning, GAO-13-212, 2013.

Office of Inspector General, *Inadequate Contract Oversight of Military Construction Projects in Afghanistan Resulted in Increased Hazards to Life and Safety of Coalition Forces*, DODIG-2013-052, 2013.

Special Inspector General for Afghanistan Reconstruction, *Contracting with the Enemy: DoD Has Limited Assurance that Contractors with Links to Enemy Groups are Identified and their Contracts Terminated*, Audit 13-6, 2013.

Special Inspector General for Iraq Reconstruction (SIGIR), *Hard Lessons: The Iraq Reconstruction Experience*, 2009.

SIGIR, *Iraq Reconstruction: Lessons in Contracting and Procurement*, 2006.

APPENDICES

APPENDIX C: Processes and Procedures for OCS

Contracted support of deployed military forces in contingency operations results from the successful orchestration of contract support integration, contracting support, and contractor management efforts. Key to understanding OCS is a basic appreciation of the supporting processes described here:

- **Planning** includes all activities conducted by the Combatant Command, Joint Force Command, and its components to plan for the mobilization, deployment, employment, sustainment, redeployment and demobilization activities associated with Joint operations. This includes deliberate planning and crisis action planning. Joint operation planning supports all phases of military operations. Common OCS related planning details are captured in Annex W with functional details captured in the various functional Annexes.⁴⁷
- **Requirements Determination** includes all activities necessary to define, verify, and prioritize Joint Force requirements. In Joint operations, Joint Requirements Review Boards ultimately validate and prioritize requirements.
- **Contract Development** begins with the establishment of the proper contract venue as determined by the JFC. Depending on the contract type and dollar amount, this may include development of a formal solicitation package, a pre-business clearance, legal review, and submission for formal advertising of the solicitation to the contractor community and negotiations.
- **Contract Execution** includes contract award, monitoring of contract performance and execution of contract modifications by the contracting officer and for all service contracts, designation of requiring activity nominated CORs, and, when required, post-award changes to the contract (contract modifications).⁴⁸
- **Contractor Management** principles are mainly focused on the integration of contractor personnel once the Commander makes the decision to use contracted, vice military, sources of support. In peacetime fixed-price contracts, contractor personnel are typically “fire and forget” (solely supported by and visible to company management). In performance contracts, the government typically does not care or tell the contractor how many personnel or even the actions needed to “perform.” The focus from the government perspective is strictly on whether the contractor did perform and the government received what it contracted for. In addition, as a general rule, contractors are responsible for logistics support of their own personnel. However, in a deployed contingency environment, due to the austere, uncertain, or hostile environments associated with these operations, contractor personnel support will often be provided through military means or via another contract directed by the military. Contractor Management efforts span the deployment cycle, including planning, predeployment, deployment and reception, in-theater management and redeployment efforts for personnel and equipment. The challenge for Commanders is to maintain visibility and accountability over these personnel and equipment, given they do not fall under the chain of command. This is accomplished by company managers with the government’s requirements for contractor management set through the terms and conditions of the contract.

In a large contingency, OCS may involve thousands of actors both in the operations area and from reachback support anywhere in the world. This includes planners, requiring activities, customer activities, program managers, procuring contracting officers, administrative contracting officers,

⁴⁷ The Joint Staff, *Joint Operation Planning*, Joint Publication 5-0, 2011.

⁴⁸ The Joint Staff, *Operational Contract Support: Draft*, Joint Publication 4-10, 2012.

APPENDICES

contract administrators, quality assurance personnel, property administrators, CORs, technical subject matter experts, contract auditors, and contractors.

The complexity of the contract drives the amount of oversight needed by government to ensure it receives what it pays for. One-time deliveries of commercial off-the-shelf items may only require a single receipt inspector, but delivery of complex services under a large dollar value cost-type contract will require the full range of government oversight personnel, to include contracting officer's representatives, quality assurance representatives, property administrators, technical subject matter experts, and contract auditors.

Ultimately the execution of a JFC's requirements for operational contract support occurs through individual contract vehicles executed worldwide to include technical support of weapons systems provided by systems support activities, services provided through external support activities, and local procurements executed by the JFC's Joint Theater Support Contracting Command. This ranges from simple purchase orders, government purchase card buys for items under the micropurchase threshold, calls under blanket purchase agreements, and extends to large, negotiated contracts.

The challenge for a JFC in a rapidly changing and uncertain contingency environment is to ensure these thousands of individual contract actions coalesce to support his intent and the requirements of his Joint Force, and are properly synchronized, integrated, and deconflicted, not only with each other but also with the myriad of other organic and non-organic actors in the operations area. This challenge is complicated by the decentralized nature of contracting that is also disconnected from the JFC's command and control: contracting officers worldwide under scores of different heads of contracting activities may execute contracts to support the JFC's operations area.

Types of Support Contracts

Under Joint doctrine, contracted support of the deployed Joint Force is provided in three types of contingency contracts: theater support, external support, and systems support.

Theater support contracts are awarded by contracting officers deployed to an operational area serving under the direct contracting authority of the Military Department component, special operations force command, or Joint contracting authority for a designated contingency operation.⁴⁹

External support contracts are prearranged and awarded during a contingency from contracting organizations whose authority does not derive directly from theater support or systems support contracting authorities. For example, the Army's LOGCAP uses external support contracts to provide logistics and base support services to Defense-directed and Defense-supported missions around the world.

Systems support contracts, often referred to as CLS, are prearranged and awarded by contracting offices supporting Military Department acquisition program management offices. Systems support contracts provide fielding support, technical support, maintenance support, and, in some cases, repair parts support, for selected military weapons and support systems. Systems support contracts are

⁴⁹ Support contract types are defined in Department of Defense Instruction 3020.41, *Operational Contract Support*, December 20, 2011, p. 48-50.

APPENDICES

Table 2 Scope of Support Provided in Iraq through December 2011

Meals served	1,073,127,287
Water produced in gallons	25,403,351,985
Laundry bags washed	77,270,790
Ice produced in tons	265,685,149
Fuel Issued in gallons, bulk and retail	8,056,191,998
Porto lets serviced	53,524,105
Incineration of solid waste in cubic meters	6,307,815
Non-tactical vehicle maintenance	4,566,711
Personnel arrivals and departures	2,629,106
Morale, welfare, and recreation patrons	198,651,571
Bus passengers	95,787,324
Facilities maintained (operations and maintenance)	89,679
Kilometers driven (line haul)	173,747,358
Ammunition handled, in rounds	1,529,473
Mail handled, in pounds	338,809,603

SOURCE: KBR, presentation to the Task Force, June 28, 2012.

routinely put in place to provide support to many newly fielded weapons systems, including aircraft, land combat vehicles, and automated command and control systems.

Systems support contracting authority, contract management authority, and program management authority reside with the Military Department system materiel acquisition program offices. Systems support contractors, which are generally comprised of U.S. citizens, provide support in the continental United States and often deploy with the force in both training and contingency operations.

The massive scale and varied combination of goods and services that are supplied by operational support contracts can be massive, as can be seen in Table 2.

Contractor Personnel

Considerable numbers of people provide these services in-theater. An estimate of the number of contractor personnel in Iraq performing each function is shown in Figure 5. Commonly contracted activities include: providing communications support, transporting munitions and other supplies, performing maintenance functions for military equipment, providing private security services, providing foreign language interpretation and translation services, and providing logistic services such as billeting and messing.

Contractor personnel fall into two broad categories: CAAF and non-CAAF.⁵⁰ Contractor personnel, including all tiers of subcontractor personnel who are authorized to accompany the force in applicable

⁵⁰ Department of Defense Instruction 3020.41, *Operational Contract Support*, December 20, 2011, p. 47-49.

APPENDICES

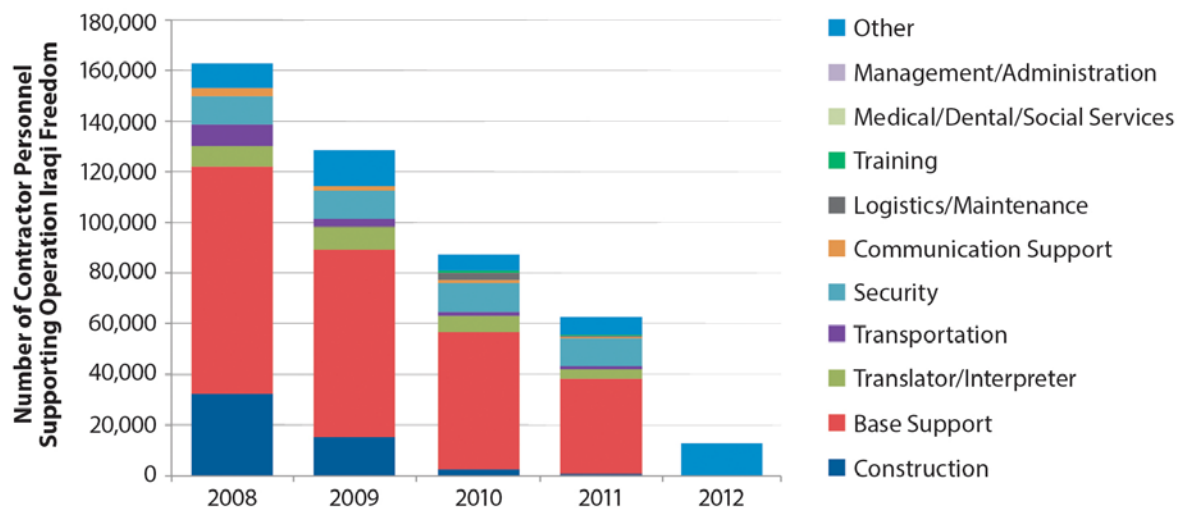


Figure 5 Contractor Personnel Functions in Iraq from 2008 to 2012

SOURCE: Quarterly contractor census reports. Available at http://www.acq.osd.mil/log/PS/CENTCOM_reports.html

contingency operations, are afforded CAAF status through a letter of authorization.⁵¹ CAAF are usually U.S. citizen and third-country national contractor employees who work routinely with U.S. forces and who do not normally reside within the operational area. In some cases, commanders may designate mission-essential host nation or local national contractor employees as CAAF, such as interpreters. The designation as CAAF is a legal status recognized through international conventions.

Non-CAAF personnel are those who do not routinely work in close proximity with U.S. forces and includes employees who are local nationals, permanent residents of the host nation, or third-country nationals. Government-furnished support to non-CAAF is typically limited to force protection, emergency medical care, and basic human needs when performing their jobs in the direct vicinity of U.S. forces.

To improve deployed contractor visibility and accountability, SPOT was implemented in 2007 as the DoD enterprise solution. It was subsequently expanded to include the Joint Asset Movement Management System (JAMMS) to capture movement and location of assets via an automated scan at key collection points. The TBC process was also established to address concerns from theater commanders regarding contractors and their associated support requirements flowing into forward operating bases who were not visible to these commanders. A variety of inputs are available, including Common Access Cards (CACs), letters of authorization, biometric credentials, and national identification documents. The Total Operational Picture Support System (TOPSS) is the business intelligence and reporting tool that integrates data from SPOT, JAMMS, and other systems.

⁵¹ Applicable contingency operations are described in Department of Defense Instruction 3020.41 as “DoD operations (contingency, humanitarian assistance, and other peace operations) outside the United States; other military operations as determined by a Combatant Commander; or as directed by the Secretary of Defense.”

ACRONYMS AND ABBREVIATIONS

Acronyms and Abbreviations

ACC	Army Contracting Command
ACO	administrative contracting officer
ASD (LM&R)	Assistant Secretary of Defense for Logistics, Materiel, and Readiness
CAAF	contractors authorized to accompany the force
CAC	common access card
CAP	civil augmentation program
CBO	Congressional Budget Office
CLS	contractor logistics support
COR	contracting officer's representative
DASD (PS)	Deputy Assistant Secretary of Defense for Program Support
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DLA	Defense Logistics Agency
DoD	Department of Defense
DOTMLPF-P	doctrine, organization, training, materiel, logistics, personnel, facilities, and policy
DPAP	Defense Procurement and Acquisition Policy
DRRS	Defense Readiness Reporting System
ECC	Expeditionary Contracting Command
FAIR Act	Federal Activities Inventory Reform Act of 1998
FAR	Federal Acquisition Regulation
IA	individual augmentee
IMCOM	Installation Management Command
IPL	Integrated Priority List
J4	Joint Staff Directorate for Logistics
JAMMS	Joint Asset Movement Management System
JCASO	Joint Contingency Acquisition Support Office
JFC	Joint Force Commander
JROC	Joint Requirements Oversight Council
JTF	Joint Task Force
JTSCC	Joint Theater Support Contracting Command
KO	contracting officer
LOGCAP	Logistics Civil Augmentation Program
METL	mission-essential task list
MRAP	Mine-Resistant Ambush Protected
OCS	operational contract support
OCS FCIB	Operational Contract Support Functional Capabilities Integration Board
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
RDCC	Rapid Deployment Contracting Capability
SIGIR	Special Inspector General for Iraq Reconstruction

ACRONYMS AND ABBREVIATIONS

SPOT	Synchronized Predeployment and Operational Tracker
TBC	Theater Business Clearance
TDA	Table of Distribution and Allowances
TOPSS	Total Operational Picture Support System
USD (AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD (Policy)	Under Secretary of Defense for Policy

TERMS OF REFERENCE

Terms of Reference



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

MAR 08 2012

MEMORANDUM FOR CHAIRMAN, DEFENSE SCIENCE BOARD

SUBJECT: Terms of Reference – Defense Science Board Task Force on Contractor Logistics Support of Contingency Operations

In accordance with section 848 of the National Defense Authorization Act for Fiscal Year 2011 (H.R. 5136, 150-151), the Defense Science Board is directed to create a Task Force to carry out a review of Department of Defense organization, doctrine, training, and planning for contractor logistics support of contingency operations. The matters addressed by the review shall include the following:

- (1) Department of Defense policies and procedures for planning for contractor logistics support of contingency operations.
- (2) Department organization and staffing for the implementation of such policies and procedures.
- (3) The development of Department doctrine for contractor logistics support of contingency operations.
- (4) The training of Department military and civilian personnel for the planning, management, and oversight of contractor logistics support of contingency operations.
- (5) The extent to which the Department should rely upon contractor logistics support in future contingency operations and the risks associated with reliance on such support.
- (6) Any logistics support functions for contingency operations for which the Department should establish or retain an organic capability.
- (7) The scope and level of detail on contractor logistics support of contingency operations that is currently included in operational plans and that should be included in operational plans.
- (8) Contracting mechanisms and contract vehicles that are currently used, and should be used, to provide contractor logistics support of contingency operations.
- (9) Department organization and staffing for the management and oversight of contractor logistics support of contingency operations.
- (10) Actions that could be taken to improve Department management and oversight of contractors providing logistics support of contingency operations.

TERMS OF REFERENCE

- (11) The extent to which logistics support of contingency operations has been, and should be, provided by subcontractors and the advantages and disadvantages of reliance upon subcontractors for that purpose.
- (12) The extent to which logistics support of contingency operations has been, and should be, provided by local nationals and third country nationals and the advantages and disadvantages of reliance upon such sources for that purpose.

The review shall include findings and recommendations related to legislative or policy guidance to address the matters listed above; and whether and to what extent the quadrennial defense review (conducted pursuant to section 118 of title 10, United States Code) or assessments by the Chairman of the Joint Chiefs of Staff for the biennial review of the national military strategy (conducted pursuant to section 153(d) of such title) should be required to address requirements for contractor support of the Armed Forces in conducting peacetime training, peacekeeping, overseas contingency operations, and major combat operations and the risks associated with such support.

This Task Force will be sponsored by me as the Acting Under Secretary of Defense for Acquisition, Technology and Logistics. Dr. Ron Kerber will chair the Task Force. Mr. William Reich (Defense Procurement and Acquisition Policy) will serve as Executive Secretary. Commander Doug Reinbold, U.S. Navy, will serve as the Defense Science Board Secretariat Representative.

The Task Force will operate in accordance with the provisions of P.L. 92-463, the "Federal Advisory Committee Act," and Department of Defense Directive 5105.4, the "DoD Federal Advisory Committee Management program." It is not anticipated that this task force will need to go into any "particular matters" within the meaning of title 18, United States Code, section 208, nor will it cause any member to be placed in the position of action as a procurement official.



Frank Kendall
Acting

TASK FORCE MEMBERSHIP

Study Membership

Chairman

Dr. Ronald Kerber	Private Consultant
-------------------	--------------------

Executive Secretary

Mr. William Reich	Defense Procurement and Acquisition Policy
-------------------	--

Members

Mr. Richard Dunn	Private Consultant
LtGen Richard L. Kelly, U.S. Marine Corps (ret)	Logistics Management Institute
Dr. William LaPlante	MITRE Corporation (through May 4, 2013)
Mr. William Lucyshyn	University of Maryland
Hon. Judith Miller, Esq.	Private Consultant
VADM Ed Straw, U.S. Navy (ret)	Ed Straw Venture Partners
Ms. Leigh Warner	Private Consultant

Military Advisors

CAPT Stephen Armstrong	U.S. Navy
Col Ed Keller	U.S. Air Force
COL James Kennedy	U.S. Army

Defense Science Board

Mr. Brian Hughes	Executive Director
CDR Doug Reinbold	Deputy for Operations, U.S. Navy

Support Staff

Ms. Becky Afergan	Strategic Analysis, Inc.
Mr. Brian Keller	Strategic Analysis, Inc.
Dr. Toni Marechaux	Strategic Analysis, Inc.
Ms. Margaret Rowland	Strategic Analysis, Inc.

BRIEFINGS TO THE TASK FORCE

Briefings to the Task Force

June 27-28, 2012

LTG Brooks Bash	Joint Staff (J4)	Operational Contract Support -- Integral to Joint Warfare
Dr. Jack Gansler	University of Maryland	Contractor Logistics/Fulfilling Urgent Operational Needs
Mr. Jeffrey Green	Office of General Counsel	Ethics for the Defense Science Board
Ms. Nancy Heimbaugh	Defense Logistics Agency	Defense Logistics Agency Overview
Mr. Doug Horn	Kellogg, Brown & Root Services	North American Government and Logistics
Mr. Gary Motsek	Deputy Assistant Secretary of Defense	Program Support

July 17-18, 2012

Mr. Alan Estevez	Assistant Secretary of Defense for Logistics and Material Readiness	Logistics and Material Readiness
BGen Mark Faulkner	Joint Staff (J4)	Operational Contract Support Strategic Update
Mr. Patrick Fitzgerald	Defense Contract Audit Agency	DCAA Overview
Mr. Richard Ginman	Defense Procurement and Acquisition Policy	DPAP Overview
RDML Robert Gilbeau	Defense Contract Management Agency	DCMA Overview
RDML Nick Kalathas	Defense Procurement and Acquisition Policy	DPAP Overview
Mr. Lee Tate	Joint Staff (J4)	Operational Contract Support Joint Concept
Ms. Sandra Taylor	Defense Contract Management Agency	Synchronized Pre-deployment and Operational Tracker
Mr. Charlie Williams	Defense Contract Management Agency	DCMA Overview
CDR Michael York	Joint Staff (J4)	Operational Contract Support Joint Concept

September 12-13, 2012

CAPT Stephen Armstrong	U.S. Navy	Operational Contract Support Experience
BG Joseph Bass	U.S. Army	Operational Contract Support Experience
MAJ David Bigelow	U.S. Army Contracting Command	Operational Contract Support Experience
Mr. Stuart Bowen	Special Inspector General for Iraq Reconstruction	SIGIR Overview
Mr. Ian Dolan	Fluor Corporation	Fluor Corporation Overview
CMSgt Glenn Dumont	U.S. Air Force SAF/AQC	Operational Contract Support Experience
LTG Kathleen Gainey	U.S. Transportation Command	U.S. Transportation Command Overview
Lt Col Aaron Judge	U.S. Air Force SAF/AQCK	Operational Contract Support Experience

BRIEFINGS TO THE TASK FORCE

MSGT Jason Pitts	U.S. Army Combined Arms Support Command	Operational Contract Support Experience
MAJ Justin Schafer	U.S. Army	Operational Contract Support Experience
Maj Gen Darryl Scott, U.S. Air Force (Ret)	Boeing Company	Boeing Overview
BG James Simpson	U.S. Army Corps of Engineers	Operational Contract Support Experience
VADM Alan Thompson, U.S. Navy (Ret)	Honeywell Technology Solutions	Discussion
LTC Tony Thorton	U.S. Army Contracting Command	Operational Contract Support Experience

October 10-11, 2012

Mr. David Chu	Institute for Defense Analyses	Civilians on the Battlefield
ADM William Fallon	U.S. Navy (Ret)	View of operational contract support from the Combatant Commands
Mr. Jim Grazioplene	DynCorp	View of operational contract support from LOGCAP
Gen David Petraeus, U.S. Army (Ret)	Central Intelligence Agency	Discussion
Mr. Stan Soloway	Professional Services Council	Ten Years After: Challenges and Opportunities in Contingency Contracting

November 13-14, 2012

Mr. Gary Broadwell	Joint Staff (J4)	Training and Education for OCS
MG Robert Brown	U.S. Army	U.S. Central Joint Theater Support Contracting Command
MAJ Sidney Byrne	U.S. Army	Contract Management and CORs in OCS
Mr. Gordon Campbell	U.S. Army Acquisition, Logistics, and Technology Integration Office	Training and Education for OCS
Ms. Anna Carter	DASD (PS)	Training and Education for OCS
Ms. Laura Chichester	Joint Staff (J4)	Training and Education for OCS
Ms. Lynn Connors	JCASO	Training and Education for OCS
SFC Jesse Dunham	U.S. Army	Contract Management and CORs in OCS
Mr. John Hall	Army Logistics University	Training and Education
CW4 Milo Jones	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
CW2 Earnestina Kelley-White	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
MG Wendy Masiello	Office of the Assistant Secretary of the Air Force for Acquisition	Operational Contract Support
Mr. Chuck Maurer	U.S. Army Acquisition, Logistics, and Technology Integration Office	Training and Education for OCS
Mr. Hal McAlduff	Defense Acquisition University	Training and Education for OCS

BRIEFINGS TO THE TASK FORCE

Mr. Jose Millan	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
COL Joseph Murray	Pakistan-Afghanistan Coordination Cell	Counter Corruption in Afghan Army Contracting Command Overview
MG Camille Nichols	Army Contracting Command	
LTC Marie Pauley	U.S. Army Combined Arms Support Command	Training and Education for OCS
Mr. Ed Ramsey	Joint Staff (J7)	Training and Education for OCS
MSG Michael Sexton	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
CPT Shannon Walls	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
CPT Taneshia Warren	U.S. Army Combined Arms Support Command	Contract Management and CORs in OCS
CDR Michael York	Joint Staff (J4)	Training and Education for OCS

December 12-13, 2012

COL Kurt Bergo	U.S. Special Operations Command	Operational Contracting Support Perspectives
MG Kenneth Dowd	U.S. Central Command	U.S. Central Command Overview
Mr. James Geurts	U.S. Special Operations Command	Operational Contracting Support Perspectives
Mr. Rich Robbins	OUSD for Personnel and Readiness	Total Force Management “Theory Easier than Practice”
Maj Gen Bob Ruark	U.S. Central Command	U.S. Central Command Overview

February 13-14, 2012

Ms. Emily Clarke	Defense Procurement and Acquisition Policy	Panel on Combating Trafficking in Persons
COL Kim Daub	U.S. Army	Leadership Panel Discussion
Ms. Linda Dixon	OUSD for Personnel and Readiness	Panel on Combating Trafficking in Persons
BG Edward Dorman	U.S. Army (G4)	Leadership Panel Discussion
Mr. Sam McCahon	McCahon Law Offices, LLC	Panel on Combating Trafficking in Persons
COL Mike Russell	U.S. Army (G8)	Leadership Panel Discussion
COL Kurt Ryan	U.S. Army	Leadership Panel Discussion